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TREASURY DEPARTMENT.

Bureau of Internal Revenue.

[T. D. 4650]

TAX-PAYMENT, WITHDRAWAL, AND TRANSFER OF DISTILLED SPIRITS FROM CISTERN ROOM OF REGISTERED DISTILLERY.

To District Supervisors, Collectors of Internal Revenue, and Others Concerned:

The first paragraph of Section 602 of the Revenue Act of 1918, as amended by Section 308 of the Liquor Tax Administration Act, reads as follows:

SECTION 602. Subject to the provisions of existing law, spirits produced at registered distilleries and reduced in the receiving cisterns in such distilleries to not more than one hundred and fifty-nine degrees of proof and not less than 100 degrees of proof, may be transferred, by means of pipe lines, direct to storage tanks in the Internal Revenue Bonded Warehouse located on the bonded premises where produced and be warehoused in such storage tanks, or they may be drawn into approved containers and transferred to any Internal Revenue Bonded Warehouse for storage therein, or they may be tax-paid in such approved containers in such cistern rooms, without being entered into an Internal Revenue Bonded Warehouse. Such spirits may be drawn into approved containers from storage tanks in Internal Revenue Bonded Warehouse located on the bonded premises of the distillery either for storage in bond or tax-payment. Such spirits, upon tax-payment, may be transported in approved containers for use for beverage purposes only. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, transferring, gauging, storing, and transportation of such spirits; the records to be kept and returns to be made; the size and kind of containers to be used; the marking, branding, numbering, and stamping of such containers; the kind of stamps, if any, to be used; and the kind of bond and the penal sum thereof.

Section 3287, R. S., as amended by Section 201 of the Liquor Tax Administration Act, reads as follows:

Sec. 3287. (a) Except as provided in Section 602 of the Revenue Act of 1918, as amended, all distilled spirits shall be drawn from receiving cisterns into casks or packages and thereupon shall be gauged, proved, and marked by a storekeeper-gauger, and immediately removed into an Internal Revenue Bonded Warehouse. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, gauging, and packaging of distilled spirits; the marking, branding, numbering, and stamping of such packages; and the transfer and transportation to and the storage of such spirits in Internal Revenue Bonded Warehouses.

(b) Upon the application of the distiller and under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, distilled spirits may be drawn into wooden packages, each containing two or more metallic cans, which cans shall each have a capacity of not less than five gallons, wine measure. Such packages shall be filled and used only for exportation from the United States. And there shall be charged for each of said packages or cases for the expense of providing and affixing stamps, 5 cents.

(c) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, by regulations, prescribe the standards of fill of casks or packages of distilled spirits at each distillery.

(d) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, by regulations, from time to time, require a distiller, at his expense and under the immediate

personal supervision of a storekeeper-gauger, to do such marking and branding and such mechanical labor pertaining to gauging required under this section as the Commissioner deems proper and determines may be done without danger to the revenue.

Subsection (a) of Section 3293, R. S., as amended by Section 309 of the Liquor Tax Administration Act, provides as follows:

SECTION 3293. (a) The distillers of all spirits removed to an Internal Revenue Bonded Warehouse shall enter the same for deposit in such warehouse, under such regulations as the Commissioner of Internal Revenue may prescribe. Said entry shall be in such form as the Commissioner shall prescribe.

Pursuant to these provisions of law, the following regulations are prescribed:

PARAGRAPH 1. Under Section 602, hereinbefore quoted, distilled spirits produced at registered distilleries and reduced in the receiving cisterns thereof to not more than 159 and not less than 100 degrees of proof may be:

(a) Transferred by means of pipe lines direct to storage tanks in an Internal Revenue Bonded Warehouse on the premises where produced, and warehoused in such storage tanks;

(b) Drawn into approved containers and transferred to any Internal Revenue Bonded Warehouse for storage therein;

(c) Tax-paid in approved containers in the distillery cistern room, without being entered into an Internal Revenue Bonded Warehouse;

(d) Drawn into approved containers from storage tanks in the Internal Revenue Bonded Warehouse located on the bonded premises of the distillery, either for storage in bond or immediate tax-payments;

(e) Transported, upon tax-payment, in approved containers for use for beverage purposes only.

PAR. 2. Under Section 3287, R. S., hereinbefore quoted, distilled spirits which, before reduction in the receiving cisterns, are of a composite proof of not more than 159 degrees shall be drawn into casks or packages and thereupon shall be gauged, proofed, and marked, and immediately removed into an Internal Revenue Bonded Warehouse.

SIZE AND KIND OF CONTAINERS

PAR. 3. Under Section 602, distilled spirits reduced in the receiving cisterns to not more than 159 and not less than 100 degrees of proof may be drawn from such cisterns, or from storage tanks in an Internal Revenue Bonded Warehouse located on the bonded premises where produced, into casks, barrels, or similar wooden packages, or into drums, or similar metal packages having a capacity of not less than ten wine gallons each. Such spirits may also be drawn into railroad tank cars, either from the distillery receiving cisterns or from storage tanks in the bonded warehouse located on the premises where produced, and tax-paid or transferred in bond, but only in case the premises of the consignee of such tank car is equipped with railroad siding facilities.

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THE NATIONAL ARCHIVES
OF THE UNITED STATES
1934

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PAR. 4. Transportation of distilled spirits in tank wagons or tank trucks will not be permitted.

PAR. 5. Under Section 3287, R. S., distilled spirits which, before reduction in the receiving cisterns, are of a composite proof of not more than 159 degrees shall be drawn into casks, barrels, or similar wooden packages, or into drums, or similar metal packages, having a capacity of not less than ten wine gallons each: Provided, That such spirits may, for the purpose of exportation only, be so drawn into wooden packages, each containing two or more metallic cans having a capacity of not less than five wine gallons each.

WEIGHING TANKS

PAR. 6. Where, under Section 602, distilled spirits reduced in the distillery receiving cisterns to not more than 159 and not less than 100 degrees of proof are to be drawn therefrom for direct removal in railroad tank cars, or where such spirits are to be transferred from such cisterns by pipe line direct to storage tanks in an Internal Revenue Bonded Warehouse on the distillery premises, the distiller shall provide a closed stationary weighing tank in the cistern room.

PAR. 7. All weighing tanks shall be of metal, of uniform dimensions from top to bottom, and each such tank shall be equipped with a suitable glass gauge whereby the contents will be correctly indicated. Each weighing tank shall have plainly and durably marked thereon a serial number and its capacity in wine gallons. The scales upon which the tank is mounted must be accurate. The inlet and outlet pipe connections of each weighing tank must be fitted with valves so constructed that they can be secured with Government locks, and any other opening in such tank must also be so arranged that it can be closed and locked.

PIPE LINES

PAR. 8. Under Section 602, pipe lines for conveying spirits reduced to not more than 159 and not less than 100 degrees of proof, from the cistern room to storage tanks in an Internal Revenue Bonded Warehouse on the distillery premises, or to railroad tank cars for shipment, shall be of a fixed and permanent character, constructed of metal, and so arranged as to be exposed to view throughout their entire length. Such pipe lines shall be painted black. All valves, unions, and other connections in such pipe lines shall be riveted, sealed, or otherwise so secured as to prevent their disconnection without showing evidence of tampering. Pipe lines shall be so placed that they may be connected, by short, detachable connections, with weighing tanks and railroad tank cars. Where spirits are conveyed by pipe line from the distillery cistern room to storage tanks in a bonded warehouse on the distillery premises, such fixed pipe line shall be directly connected with one or more of such storage tanks, and brazed or otherwise secured to such tanks in such manner that it may not be detached or altered without showing evidence of tampering.

PAR. 9. Each pipe line shall be fitted, at the end in the cistern room, with a valve so constructed that it may be secured with a Government lock. The valve will be kept closed and locked at all times, except when the pipe line is being used for the transfer of spirits. Pipe lines shall be so secured at the point of passing from the cistern room and at the point of entering the warehouse as to prevent any communication with either the cistern room or the warehouse at such points, except by transit through the pipe line when the valve is open.

PAR. 10. The pipe connections with warehouse storage tanks shall be fitted, at the inlet of each such tank, with a valve which can be secured with a Government lock, and such connections must be so arranged as to control the flow of spirits separately into each tank. The valve must be kept closed and locked, except when necessary to be open for the transfer of spirits.

PAR. 11. The keys to all locks on receiving cisterns and weighing and storage tanks and on pipe lines shall remain at all times in the custody of the storekeeper-gauger at the distillery, except that if a storekeeper-gauger is exclusively assigned to the bonded warehouse, such officer shall have custody of the keys to such locks within the warehouse.

PAR. 12. No pipe line may be used until it has been inspected and the District Supervisor has approved the same. Spirits may be transferred by pipe line only under the immediate supervision of the storekeeper-gauger.

DRAWING OFF AND GAUGING OF SPIRITS

PAR. 13. Distilled spirits must be drawn from the receiving cisterns on or before the third day following the deposit of the same therein, and the product of each day's distillation must be kept separate in such cisterns, as provided by existing regulations. Spirits drawn into casks, barrels, drums, or similar packages shall be gauged by weight according to the rules prescribed in the Gauging Manual of 1934, as amended. Spirits removed by pipe line, either to storage tanks in the bonded warehouse on the distillery premises or to railroad tank cars for shipment, shall be gauged by means of weighing tanks.

PAR. 14. Where spirits are drawn into approved containers pursuant to Section 602, for tax-payment without being entered into a warehouse, or where spirits are drawn into

such containers for deposit in an Internal Revenue Bonded Warehouse off the distillery premises, the same may remain in the cistern room for such period as may be reasonably necessary to accomplish tax-payment or removal for such deposit, but not more than three days, except in cases of emergency, and then only with the approval of the District Supervisor. Where spirits drawn from receiving cisterns for tax-payment, or for entry into bonded warehouse not on the distillery premises, are not removed from the cistern room on the same day the packages are filled, a separate room must be provided in the cistern room for the temporary deposit thereof. Such room must be built of solid, substantial material meeting the requirements prescribed for cistern room construction. Such room may have not more than two doors, one of which shall open into the other part of the cistern room and be so constructed that it may be securely locked on the outside with a Government seal lock, the key to which will remain at all times in the custody of the storekeeper-gauger. The other door, which may be used for the removal of spirits deposited in such room, must be so constructed that it may be securely barred and locked on the inside.

MARKING, BRANDING, NUMBERING, AND STAMPING OF PACKAGES

PAR. 15. Packages filled with distilled spirits in the cistern rooms of registered distilleries shall be marked and branded in accordance with the provisions of the Gauging Manual of 1934, as amended. Where such packages are tax-paid, the tax-paid stamps shall also be affixed thereto and canceled in the manner prescribed in the said Gauging Manual.

PAR. 16. Packages filled with distilled spirits shall be serially numbered, beginning with No. 1 for each distillery and continuing in regular sequence: Provided, That the series in current use at existing distilleries will be continued. Where packages are filled from bonded warehouse storage tanks, a separate series will be used, preceded by the letter "T", as T-1, T-2, etc.

PAR. 17. Prescribed marks and brands, whether the same are required to be cut, burned, imprinted, or stenciled, shall be placed upon the package by the distiller at his expense, under the supervision of the storekeeper-gauger.

PAR. 18. The storekeeper-gauger shall verify the gross weight, tare, net weight, wine gallons, proof, and proof gallons marked on the packages, by comparison with his gauge sheet, Form 1520, and shall satisfy himself of the accuracy and correctness of the marks, brands, and stamps (if any).

PAR. 19. All mechanical labor pertaining to the weighing of packages shall be performed by the distiller. The storekeeper-gauger shall, however, test or balance the scale before weighing either empty or filled packages, and during the process of weighing he shall personally verify the weight of each package and record it in the proper column of Form 1520. The storekeeper-gauger shall also personally take the proof of the spirits and prepare his report of gauge on Form 1520.

PAR. 20. When packages of distilled spirits are emptied, all stamps, marks, and brands required to be placed thereon must be completely effaced and destroyed. Tax-paid certificates affixed to railroad tank cars must also be destroyed when such cars are emptied.

TAX-PAYMENT FROM CISTERN ROOM

PAR. 21. Whenever the distiller desires to withdraw distilled spirits reduced to not more than 159 and not less than 100 degrees of proof, direct from receiving cisterns for immediate tax-payment and removal, he shall execute application therefor on Form 179, in quadruplicate, modified to conform with the facts. All copies of the application shall be delivered to the storekeeper-gauger, whereupon such spirits will be drawn into packages and gauged, and the packages marked, branded, and numbered as required, or such spirits will be run into a weighing tank and gauged for removal in a railroad tank car, as the case may be. If the spirits are to be removed in a railroad tank car, the

serial number and capacity thereof shall be stated in the application. The storekeeper-gauger shall enter the details of the gauge on Form 1520, in quadruplicate, except that if the spirits are to be removed in a railroad tank car the form shall be made in quintuplicate. The proof at which the spirits were distilled (the composite proof in receiving cistern prior to reduction) shall, in every instance, be noted by the storekeeper-gauger on Form 1520 and, when removal is made in a railroad tank car, the number of such tank car shall likewise be noted on such form. Entry of the quantity ascertained by the gauge shall be made by the distiller on Form 179, whereupon the storekeeper-gauger will execute his report on each copy of Form 179 and return all copies thereof with three copies of Form 1520 attached, to the distiller, who will then forward them to the Collector of Internal Revenue with remittance for the tax.

PAR. 22. If the spirits are to be withdrawn in casks, barrels, drums, or similar containers, the Collector will issue the requisite stamps, enter the serial numbers in the appropriate spaces on the forms, sign the certificate of tax-payment on Form 179, retain one copy for his files, and return three copies of each form to the distiller with the stamps. The distiller shall immediately deliver the forms, with the tax-paid stamps, to the storekeeper-gauger. After the packages have been stamped and marked as required, the storekeeper-gauger will require the distiller immediately to remove the same. When the spirits have been removed, the storekeeper-gauger will execute his statement of the date of withdrawal on the three copies of Form 179 in his possession, retain one copy of each form, deliver one copy of each to the distiller, and forward one copy of each to the District Supervisor.

PAR. 23. If the spirits are to be removed in railroad tank cars, the Collector will issue his receipt for the tax on Form 1, note the tax-payment in the columns on Form 179 and Form 1520 provided for entering the serial numbers of stamps, execute his certificate of tax-payment on Form 179, retain one copy for his files, and return three copies of each form to the distiller with the tax receipt. The tax receipt, Form 1, will show the date of tax-payment, the name of the taxpayer, the number of the tank car, the tax-gallon contents, and the amount of tax paid. The distiller shall immediately deliver the forms and the tax receipt to the storekeeper-gauger, who will securely affix the tax receipt to such tank car and release the same for shipment. The storekeeper-gauger will then execute his statement of the date of withdrawal on Form 179, and dispose of the copies of such form and Form 1520 in the same manner as those pertaining to the tax-payment and removal of spirits in packages, except that the distiller will be given two copies of Form 1520. The distiller shall forward the extra copy of Form 1520 to the consignee.

USE OF RAILROAD TANK CARS FOR SHIPMENT IN BOND

PAR. 24. Railroad tank cars may be used, pursuant to Section 602, to transport in bond, distilled spirits reduced in the distillery receiving cisterns to not more than 159 and not less than 100 degrees of proof, to Internal Revenue Bonded Warehouses equipped with railroad siding facilities. Each railroad tank car so used must have permanently and legibly marked or painted thereon its number and capacity in wine gallons, and must be so constructed that all openings may be securely closed and locked. The shipper shall furnish Slight locks for use in locking the openings, and such locks will be sealed with seals furnished by the Government. The key of each lock so used will be forwarded by the storekeeper-gauger at the distillery to the storekeeper-gauger at the warehouse on the date the tank car is shipped. The locks and keys will be promptly returned to the storekeeper-gauger at the distillery by the storekeeper-gauger at the warehouse when the spirits have been tax-paid.

PAR. 25. Upon receiving an application to gauge spirits to be shipped in a railroad tank car to a bonded warehouse, the storekeeper-gauger will first inspect the tank car to ascertain whether all openings therein which would afford access

to the spirits may be closed and locked with a Government seal lock. If the tank car is not so constructed the officer will not permit it to be filled.

PAR. 26. A tank car must be filled under the immediate supervision of the Government officer. The pipe line must not be connected or used, except in his presence. As soon as the spirits have been properly gauged and loaded, the officer will lock the car and seal the lock. The officer will be careful to record in his report of gauge, Form 1520, the number of the car and the serial number of the lock seal.

PAR. 27. Before the tank car is released, a certificate, dated and signed by the storekeeper-gauger, showing that the shipment is in bond and giving the name, registered number and location of the distillery from which shipped and the bonded warehouse to which shipped, shall be securely affixed to some conspicuous and secure place on the tank car where it may be readily examined by Government officers. The certificate will be in substantially the following form:

Shipped in Bond by
RYE DISTILLING COMPANY
D. No. 2, Baltimore, Md.
To
NEW YORK WAREHOUSE COMPANY
I. R. B. W. No. 1, Brooklyn, N. Y.

(Date) (Storekeeper-Gauger)

PAR. 28. Upon arrival of the tank car at the warehouse the storekeeper-gauger will carefully examine the same to ascertain whether the lock and seal are intact and whether there is any evidence of loss of spirits therefrom. If there should be evidence of loss by casualty or theft the quantity thereof will be ascertained and reported as hereinafter provided. Spirits transferred in bond by means of railroad tank cars shall remain in storage in the bonded warehouse in such tank cars pending tax-payment or further transfer in bond.

TRANSFER TO AND ENTRY FOR DEPOSIT IN WAREHOUSE

(a) On Distillery Premises

PAR. 29. Distilled spirits which are to be entered for deposit in an Internal Revenue Bonded Warehouse on the bonded premises of the distillery shall be drawn into packages, and gauged, marked, and branded, and then immediately deposited into such warehouse, or shall be run into a weighing tank, and immediately gauged and transferred by pipe line into storage tanks in such warehouse. The storekeeper-gauger will enter the details of the gauge on Form 1520, in quadruplicate. The storekeeper-gauger will also note on each copy of Form 1520, whenever spirits are drawn from receiving cisterns and gauged, the proof at which such spirits were distilled (the composite proof in receiving cistern prior to reduction). Upon completion of the form, the storekeeper-gauger will deliver three copies thereof to the distiller for the execution of his entry of the spirits for deposit. The entry shall be executed in the following form, in the blank space on the outer page of the first sheet covering each lot gauged:

(Date)
The distilled spirits described herein are hereby entered for deposit in Internal Revenue Bonded Warehouse No. _____, State of _____

(Distiller)

PAR. 30. The entry shall be executed on the same date that the spirits are removed from the distillery. After the execution of the entry, the distiller shall return the three copies of Form 1520 to the storekeeper-gauger, who will retain one copy as a permanent record, furnish one copy to the storekeeper-gauger at the warehouse, and forward one copy to the District Supervisor. The storekeeper-gauger will deliver the fourth copy of the form to the distiller.

(b) Off Distillery Premises, In Same District

PAR. 31. If the spirits are to be entered for deposit in an Internal Revenue Bonded Warehouse located off the distillery premises, but in the same supervisory district, the proprietor of the receiving warehouse shall execute an application for the transfer of the spirits on Part 1 of Form 236, in quadruplicate, modified to conform with the facts. The applicant shall specify, in addition to the other applicable data, the kind of spirits and the maximum quantity in tax gallons to be transferred. All copies of the form will be forwarded by the applicant to the District Supervisor.

PAR. 32. If the applicant has on file a good and sufficient bond, the District Supervisor will execute Part 2, certifying to the sufficiency of the bond, and Part 3, properly modified, directing the storekeeper-gauger to gauge the spirits and release the same for transportation to the warehouse. The District Supervisor will then forward all copies to the storekeeper-gauger at the distillery. Upon receipt of the form, the spirits will be drawn from the receiving cisterns into casks or packages, gauged, marked, and branded, or into a weighing tank, gauged, and run by pipe into a properly equipped railroad tank car. The quantity gauged shall not exceed the maximum named in the application. The details of the gauge will be recorded by the storekeeper-gauger on Form 1520, in quadruplicate.

PAR. 33. When the spirits have been packaged, or run into a railroad tank car and such tank car locked and sealed, the storekeeper-gauger will deliver three copies of Form 1520 to the distiller, who shall execute thereon his entry of the spirits for deposit in the manner prescribed in paragraph 29. The distiller's entry on the form shall be executed on the same date that the spirits are removed from the distillery. After executing the entry, the distiller shall immediately return the three copies of the form to the storekeeper-gauger, whereupon the spirits will be released for shipment.

PAR. 34. Upon removal of the spirits, the storekeeper-gauger will execute a certificate of his gauge and release thereof on Part 4 of Form 236, properly modified, and attach to each of three copies thereof one of the copies of Form 1520 containing the distiller's entry for deposit. The storekeeper-gauger will retain one copy of Form 236, with Form 1520 attached, forward two copies thereof to the storekeeper-gauger at the receiving warehouse, and furnish the distiller one copy of Form 236 with the fourth copy of Form 1520.

PAR. 35. The storekeeper-gauger at the warehouse will examine the shipment upon its arrival. He will regauge any packages which appear to have been tampered with, or from which spirits appear to have been abstracted or lost, and will note in his receipt on Part 5 of Form 236 any deficiencies ascertained and attach to the form a statement setting forth fully the apparent cause of the deficiency. If the examination of a railroad tank car reveals evidence of loss by casualty or theft, the quantity will be ascertained by regauging the contents, and report will be made as in the case of packages regauged. The spirits may be removed from the tank car for regauging, but upon completion of such regauging, the same will be immediately run back into the tank car, and such tank car locked and sealed, whereupon it may be tax-paid or transferred to another bonded warehouse. The transfer of spirits from a tank car for regauging, and the return of the same, shall be done under the immediate supervision of the storekeeper-gauger. After the spirits have been deposited in the warehouse, the storekeeper-gauger will execute his receipt on Part 5, retain one copy of each form and forward one copy of each to the District Supervisor.

(c) Off Distillery Premises, In Different District

PAR. 36. If the spirits are to be entered for deposit in an Internal Revenue Bonded Warehouse located in a different supervisory district than the distillery, the proprietor of the receiving warehouse shall file with the District Supervisor of his district an application for the transfer of the spirits on Part 1 of Form 236, in quintuplicate, in the manner indicated in paragraph 31.

PAR. 37. If the applicant has on file a good and sufficient bond, the District Supervisor will execute the certificate to that effect on Part 2, and transmit all copies to the District Supervisor of the district in which the distillery is located. The District Supervisor of such district will execute Part 3, his order to the storekeeper-gauger to gauge and release the spirits, and will then forward all copies to the storekeeper-gauger at the distillery. Upon receipt of the form, the spirits will be drawn from the receiving cisterns into casks or packages, gauged, marked, and branded, or into a weighing tank, gauged, and run by pipe line into a properly equipped railroad tank car. The quantity gauged shall not exceed the quantity named in the application. The details of the gauge will be recorded by the storekeeper-gauger on Form 1520, in quintuplicate.

PAR. 38. When the spirits have been packaged, or run into a railroad tank car and such tank car locked and sealed, the storekeeper-gauger will deliver four copies of Form 1520 to the distiller, who shall execute thereon his entry for deposit in the manner prescribed in paragraph 29. The distiller's entry shall be executed on the same date that the spirits are removed from the distillery. After executing the entry, the distiller shall immediately return the four copies of the form to the storekeeper-gauger, whereupon the spirits will be released for shipment.

PAR. 39. Upon removal of the spirits, the storekeeper-gauger will execute a certificate of his gauge and release on Part 4 of Form 236, properly modified, and will attach to each of four copies one of the copies of Form 1520 containing the distiller's entry for deposit. The storekeeper-gauger will retain one copy of Form 236, with Form 1520 attached, forward three copies to the storekeeper-gauger at the receiving warehouse, and furnish the distiller one copy of Form 236 with the fifth copy of Form 1520.

PAR. 40. After the spirits have been received and examined, and any losses or discrepancies noted, the storekeeper-gauger at the warehouse will execute his receipt on Part 5 of Form 236, retain one copy with Form 1520 attached, and forward the two remaining copies of each to the District Supervisor of his district. The District Supervisor will retain one copy of each and forward the other copies to the District Supervisor of the district from which the spirits were transferred.

DISTILLER'S RECORDS AND REPORTS

PAR. 41. Every distiller shall keep at the distillery a record on Form 52C of all spirits removed from the cistern room, and file a monthly transcript thereof on Form 370 with the District Supervisor on or before the 10th day of the following month. The required entries must be made on Form 52C before the spirits are removed from the distillery. All spirits removed from the cistern room shall also be entered on Form 14, the distiller's monthly account. Spirits removed tax-paid from the cistern room shall be entered on such report in the same columns as spirits warehoused, but the entries shall be marked "T. P." to distinguish them from warehousing entries. Tax-paid removals shall also be entered in the summary on Form 14, immediately below the line "Produced this month, warehoused subsequent month."

STOREKEEPER-GAUGER'S RECORDS AND REPORTS

PAR. 42. Distilled spirits removed for deposit in Internal Revenue Bonded Warehouses shall be entered on Record 17 and reported on Form 88 by the storekeeper-gauger. Spirits removed tax-paid from the distillery cistern room shall be entered in such record and report, in the same columns as spirits warehoused, but the entries will be marked "T. P." to distinguish them from the warehousing entries. The tax-paid removals will be entered in the "Summary of Spirits" on Form 88, immediately under the line "Warehoused this month."

PAR. 43. The storekeeper-gauger shall, in addition, render a monthly report on Form 1513 Supplemental, of all distilled spirits removed from the cistern room of the distillery. This report will be prepared in triplicate, and all the infor-

mation indicated by the headings of the columns and the lines of the form will be furnished. The storekeeper-gauger will retain one copy on file in his office, and forward two copies to the District Supervisor within five days after the expiration of the month for which rendered. The District Supervisor will retain one copy of the report and forward the other copy to the Commissioner with his monthly distillery cistern room account, Form 1514 Supplemental.

SUPERVISOR'S CISTERN ROOM ACCOUNT

PAR. 44. Each District Supervisor will render a monthly bonded spirits account on Form 1514 Supplemental of transactions at the cistern rooms of registered distilleries, for each State within his supervisory district. The required data will be obtained from the storekeeper-gaugers' reports on Form 1513 Supplemental. All of the information indicated by the headings of the columns and the lines of the form will be included in the account. The account will be prepared in duplicate and one copy thereof forwarded to the Commissioner on or before the expiration of the month following the month for which rendered.

FRUIT BRANDY

PAR. 45. The removal of brandy from a fruit distillery will continue to be governed by the provisions of Regulations 7, concerning the Production, etc., of Wine and Brandy, except that if brandy is removed to an Internal Revenue Bonded Warehouse, the procedure herein prescribed must be followed.

[SEAL]

CHAS. T. RUSSELL,

Acting Commissioner of Internal Revenue.

Approved, June 27, 1936.

STEPHEN B. GIBBONS,

Acting Secretary of the Treasury.

[F. R. Doc. 1063—Filed, July 1, 1936; 12:50 p. m.]

[T. D. 4651]

INTERNAL REVENUE BONDED WAREHOUSES

To District Supervisors Collectors of Internal Revenue, and Others Concerned:

Sections 201, 202, 308, 309, 405, 406, 407, and 408, of the Liquor Tax Administration Act, Section 3447, of the United States Revised Statutes, and Section 1821 of the United States Code, 1934 Edition, Title 26, read as follows:

SECTION 201. Section 3287 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1231), is amended to read as follows:

SEC. 3287. (a) Except as provided in section 602 of the Revenue Act of 1918, as amended, all distilled spirits shall be drawn from receiving cisterns into casks or packages and thereupon shall be gauged, proved, and marked by a storekeeper-gauger, and immediately removed into an Internal Revenue Bonded Warehouse. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, gauging, and packaging of distilled spirits; the marking, branding, numbering, and stamping of such packages; and the transfer and transportation to, and the storage of such spirits in, Internal Revenue Bonded Warehouses.

(b) Upon the application of the distiller and under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, distilled spirits may be drawn into wooden packages, each containing two or more metallic cans, which cans shall each have a capacity of not less than five gallons, wine measure. Such packages shall be filled and used only for exportation from the United States. And there shall be charged for each of said packages or cases for the expense of providing and affixing stamps, 5 cents.

(c) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, by regulations, prescribe the standards of fill of casks or packages of distilled spirits at each distillery.

(d) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, by regulations, from time to time require a distiller, at his expense and under the immediate personal supervision of a storekeeper-gauger, to do such marking and branding and such mechanical labor pertaining to gauging required under this section as the Commissioner deems proper and determines may be done without danger to the revenue.

SEC. 202. Section 3295 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1236), is further amended to read as follows:

SEC. 3295. (a) Whenever an application is received for the removal from any Internal Revenue Bonded Warehouse of any cask or package of distilled spirits on which the tax has been paid, the storekeeper-gauger shall gauge and inspect the same, and shall, before such cask or package has left the warehouse, place upon such package such marks, brands, and stamps as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall by regulations prescribe, which marks, brands and stamps shall be erased when such cask or package is emptied.

(b) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, by regulations, from time to time, require any distiller, at his expense and under the immediate personal supervision of a storekeeper-gauger, to do such marking and branding and such mechanical labor pertaining to gauging required under this section as the Commissioner deems proper and determines may be done without danger to the revenue.

SECTION 308. The first paragraph of section 602 of the Revenue Act of 1918, approved February 24, 1919, is amended to read as follows:

SEC. 602. Subject to the provisions of existing law, spirits produced at registered distilleries and reduced in the receiving cisterns in such distilleries to not more than one hundred and fifty-nine degrees of proof and not less than one hundred degrees of proof, may be transferred, by means of pipe lines, direct to storage tanks in the Internal Revenue Bonded Warehouse located on the bonded premises where produced and be warehoused in such storage tanks, or they may be drawn into approved containers and transferred to any Internal Revenue Bonded Warehouse for storage therein, or they may be tax-paid in such approved containers in such cistern rooms, without being entered into an Internal Revenue Bonded Warehouse. Such spirits may be drawn into approved containers from storage tanks in Internal Revenue Bonded Warehouse located on the bonded premises of the distillery either for storage in bond or tax payment. Such spirits, upon tax payment, may be transported in approved containers for use for beverage purposes only. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, transferring, gauging, storing, and transportation of such spirits; the records to be kept and returns to be made; the size and kind of containers to be used; the marking, branding, numbering, and stamping of such containers; the kind of stamps, if any, to be used; and the kind of bond and the penal sum thereof.

SECTION 309. Section 3293 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1232), is amended to read as follows:

SEC. 3293. (a) The distillers of all spirits removed to an Internal Revenue Bonded Warehouse shall enter the same for deposit in such warehouse, under such regulations as the Commissioner of Internal Revenue may prescribe. Said entry shall be in such form as the Commissioner shall prescribe.

(b) The tax on all distilled spirits hereafter entered for deposit in Internal Revenue Bonded Warehouses shall be due and payable before and at the time the same are withdrawn therefrom and within eight years from the date of the original entry for deposit therein; and warehousing bonds hereafter taken under the provisions of the internal revenue laws shall be conditioned for the payment of the tax on the spirits as specified in the entry before withdrawal from the Internal Revenue Bonded Warehouse, and within eight years from the date of said entry. The Commissioner shall prescribe the form and penal sums of bonds covering distilled spirits in Internal Revenue Bonded Warehouses and in transit to and between such warehouses: Provided, That the penal sums of such bonds covering distilled spirits shall not exceed in the aggregate of \$200,000 for each such warehouse.

(c) A new bond shall be required in case of the death, insolvency, or removal of the surety or sureties, and may be required in any other contingency affecting its validity or impairing its efficiency, at the discretion of the Commissioner of Internal Revenue. And in case the warehouseman fails or refuses to give the bond required, or to renew the same, or neglects to immediately withdraw the spirits and pay the tax thereon, or if he neglects to withdraw any bonded spirits and pay the tax thereon before the expiration of the time limited in the bond, the collector shall proceed to collect the tax by distraint, issuing his warrant of distraint for the amount of tax found to be due, as ascertained by him from the report of the storekeeper-gauger if no bond was given, or from the terms of the bond if a bond was given. But this provision shall not exclude any other remedy or proceeding provided by law.

(d) If it shall appear at any time that there has been a loss of distilled spirits from any cask or other package deposited in an Internal Revenue Bonded Warehouse, other than the loss provided for in section 3221 of the Revised Statutes, as amended, which, in the opinion of the Commissioner of Internal Revenue, is excessive, he may instruct the District Supervisor of the district in which the loss has occurred to require the withdrawal from ware-

house of such distilled spirits, and direct the Collector of Internal Revenue to collect the tax accrued upon the original quantity of distilled spirits entered into the warehouse in such cask or package, notwithstanding that the time specified in any bond given for the withdrawal of the spirits entered into warehouse in such cask or package has not expired. If the said tax is not paid on demand, the Collector shall report the amount due upon his next monthly list, and it shall be assessed and collected as other taxes are assessed and collected.

SECTION 405. Section 51 of the Act of August 27, 1894, as amended (U. S. C., 1934 ed., title 26, sec. 1265; U. S. C., 1934 ed., supp. I, title 26, sec. 1265), is amended to read as follows:

SEC. 51. The Commissioner of Internal Revenue shall be, and is hereby authorized, in his discretion, and upon the execution of such bonds as he may prescribe, to establish warehouses, to be known and designated as Internal Revenue Bonded Warehouses, to be used exclusively for the storage of spirits distilled at a registered distillery, each of which warehouses shall be in charge of a storekeeper-gauger to be appointed, assigned, transferred, and paid in the same manner as such officers for distillery warehouses have been appointed, assigned, transferred, and paid prior to the date of enactment of the Liquor Tax Administration Act. Every such warehouse shall be under the control of the District Supervisor of the Alcohol Tax Unit district in which such warehouse is located, and shall be in the joint custody of the storekeeper-gauger and proprietor thereof, and kept securely locked, and shall at no time be unlocked or opened or remain open except in the presence of such storekeeper-gauger or other person who may be designated to act for him. No dwelling house shall be used for such a warehouse, and no door, window, or other opening shall be made or permitted in the walls of such warehouse leading into a distillery. Such warehouses shall be under such further regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

SECTION 406. (a) Section 3271 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1225) is repealed: *Provided, however,* That the repeal of said section shall not relieve any distiller of liability for any taxes or penalties arising out of the use of, or storage of distilled spirits in, a distillery warehouse authorized, approved or maintained under such section 3271 of the Revised Statutes.

(b) All distillery, general, and special bonded warehouses heretofore established according to law and on the date of the enactment of this Act actually being lawfully used for the storage of spirits distilled at a registered distillery on which the tax has not been paid shall be designated as Internal Revenue Bonded Warehouses, and, upon the filing of such new bonds, or the consents of sureties on such existing bonds, covering spirits in such distillery, general or special bonded warehouses, as the Commissioner shall consider adequate to insure the payment of taxes due to the United States, may be used under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, for the storage of distilled spirits (other than alcohol) heretofore or hereafter produced.

SECTION 407. The distinction between distillery bonded warehouses, general bonded warehouses, and special bonded warehouses is hereby removed, and any warehouse for the storage of spirits distilled at a registered distillery, prior to tax-payment, shall be operated as an Internal Revenue Bonded Warehouse. The establishment, construction, maintenance, and supervision of Internal Revenue Bonded Warehouses shall be under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe.

SECTION 408. Internal Revenue Bonded Warehouses established under authority of law shall be exempt from the provisions of those sections of law which, prior to the date of enactment of this Act have made distinctions between distillery bonded warehouses, general bonded warehouses, and special bonded warehouses, as to (1) kind of spirits to be stored therein; (2) ownership or production of distilled spirits to be stored therein; (3) ownership or proprietorship of such warehouses; (4) location and construction of such bonded warehouses; (5) entry of distilled spirits therein; (6) withdrawal of distilled spirits therefrom; (7) transfers of distilled spirits to or from one or more of such classes of bonded warehouses; or (8) any other matter; it being hereby declared to be the purpose of the amendment to section 51 of the Act of August 27, 1894, made by section 407

hereof, to establish the Internal Revenue Bonded Warehouse as the sole type and kind of bonded warehouse under the internal revenue laws for the storage of spirits distilled at a registered distillery on which the tax has not been paid.

SECTION 3447, R. S. Whenever the mode or time of assessing or collecting any tax which is imposed is not provided for, the Commissioner of Internal Revenue may establish the same by regulation. He may also make all such regulations, not otherwise provided for, as may have become necessary by reason of any alteration of law in relation to internal revenue (U. S. C., 1934 ed., title 26, secs. 1534, 1542, and 1691).

SECTION 1821, U. S. C., 1934 ed., title 26. The Secretary shall prescribe forms of entries, oaths, bonds, and other papers, and rules and regulations, not inconsistent with law, to be used under and in the execution and enforcement of the various provisions of the internal revenue laws; and he shall give such directions to collectors and prescribe such rules and forms to be observed by them as may be necessary for the proper execution of the law (R. S., sec. 251).

Pursuant to the above-quoted provisions of law, the following regulations are prescribed:

CONSTRUCTION OF WAREHOUSE

PAR. 1. An Internal Revenue Bonded Warehouse must be an entire building, suitable for the purpose, or a separate and secure room in a suitable building, but no dwelling house shall be used for such purpose. The room or building to be used as an Internal Revenue Bonded Warehouse shall be constructed of wood, brick, concrete, or other substantial material, in such a manner as to render it impossible to be entered in the absence of the storekeeper-gauger without such violence as to make the entry easy of detection. Iron clad or wood warehouses must be sheathed solidly to the ceiling of the first floor. Where the warehouse consists of a room or rooms, the walls separating the warehouse from other parts of the building, if constructed of sheet metal or wood, must be applied over solid sheathing. Such a warehouse must have a suitable floor of wood, concrete, brick, or other substantial material, proper lighting facilities, and no more doors than are necessary in the proper and convenient conduct of the business. No door, window, or other opening shall be made or permitted in the walls of such bonded warehouse leading into a distillery or into any other room or building. The doors and other openings must lead into the public street or into the yard connected with the bonded warehouse, or with the distillery yard, in the event the warehouse is to be established on the distillery premises: *Provided, however,* That where a room is used, the door may open into an elevator shaft or passageway leading either directly or through another elevator shaft or passageway to the street or yard.

PAR. 2. An Internal Revenue Bonded Warehouse shall not be under the same roof or in the same building with a rectifying establishment: *Provided, however,* That where a general or special bonded warehouse designated an Internal Revenue Bonded Warehouse has heretofore been permitted under the same roof or in the same building with a rectifying establishment it may continue to operate in such location, if the revenue will not be jeopardized thereby.

PAR. 3. Warehouses will not be approved unless erected upon foundations of stone, brick, concrete, or other equally substantial material, extending into the ground: *Provided, however,* That in instances where the warehouse consists of a room or rooms situated above the first floor of a building, these provisions relating to foundations shall not be applicable. Iron-grated or iron-barred openings for ventilation or heating will be allowed in foundation walls, floors, and roofs.

PAR. 4. All doors must be of substantial construction of heavy timber or iron, or other equally substantial material. One door must be secured on the outside with a Government seal lock. The hasp and staple or bolt to which such lock is affixed must be securely fastened on the inside. All doors but the one bearing the Government seal lock must be securely barred inside, and for this purpose a crossbar must be provided, placed in the middle of the door and so

secured that it cannot be turned from the outside. Strong and suitable attachments must be provided inside the warehouse for Government locks (not seal locks) in addition to the cross bars. Such locks shall be affixed by the Government officer in charge and the keys thereto shall remain in his possession. In addition, where there are double doors, one of them, at least, must be provided in the middle with substantial bolts at both the top and the bottom. These bolts must be arranged so as to plunge into substantial fastenings or holes in the frame of the door. The hinges to the doors and shutters must be secured by roundheaded or carriage bolts, nutted and riveted or battered. Hinges that can not be thus riveted must be inaccessible from the outside, and so attached that they can not be removed when the doors or windows are closed.

PAR. 5. All windows located within 12 feet of the ground, adjacent roof, or fire escape, must be constructed and secured as follows:

(a) Windows consisting of plain or wire glass panes set in wood sash must be protected by iron bars, and shutters substantially constructed of iron or wood.

(b) In lieu of solid shutters the windows may consist of wire glass panes not larger than 6 x 10 inches, set in metal sash and protected by iron bars.

(c) Windows may be of detention type, consisting of solid steel window and solid steel grill, combined in one unit and erected in one piece, equipped with wire glass panes not larger than 6 x 10 inches.

PAR. 6. All windows must be securely set into the window casement in such manner as to prevent ready access or removal.

PAR. 7. The Commissioner or District Supervisor may in his discretion require all windows to be protected by iron bars or shutters, or both.

PAR. 8. Where iron bars are required they must be placed perpendicularly in the windows, and the bars must be not less than three-quarters of an inch in diameter and be placed not more than 5 inches apart, and be reinforced by crossbars not more than 36 inches apart. All bars must be so fastened to the window frames or embedded in the walls as to afford proper security.

PAR. 9. The shutters must be fastened inside and be so secured that they can not be opened from the outside, and all window sashes must be provided with sash locks or other suitable fastenings.

PAR. 10. Skylights with openings for ventilation will be regarded as windows and treated as such in the construction of bonded warehouses, and must be protected by suitable iron bars.

PAR. 11. Windows opening onto a fire escape shall be protected by a solid shutter, securely hinged and equipped with facilities for locking. Doors opening onto a fire escape shall likewise be equipped for locking.

PAR. 12. Distillery, general, and special bonded warehouses designated as Internal Revenue Bonded Warehouses pursuant to Section 408 (b) of the Liquor Tax Administration Act may, upon compliance by the proprietors thereof with the requirements of paragraphs 47 and 48 of these regulations, be operated as such if they are so constructed as to afford security and protection to the spirits deposited and to be deposited therein. The District Supervisor or the Commissioner may at any time require the proprietor of any such warehouse to make changes therein conforming to the provisions of these regulations, if deemed necessary to safeguard the revenue or to permit more economical and efficient supervision by Government officers. All Internal Revenue Bonded Warehouses hereafter constructed must be in conformity with these regulations.

STORAGE TANKS

PAR. 13. Storage tanks may be installed in any Internal Revenue Bonded Warehouse located on the bonded premises of a registered distillery and, pursuant to Section 602, Revenue Act of 1918, as amended, distilled spirits reduced in the receiving cisterns of such distillery to not more than 159 and not less than 100 degrees of proof, may be stored therein. Such storage tanks shall be of metal, of uniform dimensions

from top to bottom, and each such tank shall be equipped with a suitable glass gauge whereby the contents in gallons will at all times be correctly indicated.

PAR. 14. Each storage tank must be closed, and any necessary openings therein affording access to the contents must be provided with a cover which can be secured by a Government lock. Valves must be provided and so arranged as completely to control the flow of spirits both into and out of storage tanks, and so constructed that they may be locked with a Government lock. The pipe connections containing such valves must be brazed or otherwise secured to the tank in such manner that they may not be detached or altered without showing evidence of tampering.

PAR. 15. Storage tanks shall be numbered serially in each warehouse, and each tank shall have plainly and durably marked thereon its number and capacity in wine gallons. When spirits are deposited in such tanks there shall be marked thereon, with chalk or crayon, the kind of spirits, the date of the entry for deposit, and the proof at which distilled ("Distilled 190 Proof or over" or "Distilled between 160 and 190 Proof", as the case may be). Such chalk or crayon marks shall be erased each time the tank is emptied.

WEIGHING TANKS

PAR. 16. Spirits withdrawn from warehouse storage tanks for shipment in railroad tank cars shall be weighed and proofed in a weighing tank. Weighing tanks shall be stationary, of uniform dimensions from top to bottom, and each such tank shall be equipped with a suitable glass gauge whereby the contents will be correctly indicated. Each weighing tank shall have plainly and durably marked thereon a serial number and its capacity in wine gallons. The scales upon which the tank is mounted shall be accurate. The inlet and outlet pipe connections of each weighing tank must be fitted with valves so constructed that they can be secured with Government locks, and any other opening in such tank must also be so arranged that it can be closed and locked.

PIPE LINES

PAR. 17. Pipe lines for the conveyance of spirits to and from storage tanks in an Internal Revenue Bonded Warehouse shall be of a fixed and permanent character, constructed of metal, and so arranged as to be exposed to view throughout their entire length. All valves, unions, and other connections in such pipe lines shall be riveted, sealed, or otherwise so secured as to prevent their disconnection without showing evidence of tampering. Pipe lines shall be so placed that they may be connected by short, detachable connections with storage tanks, weighing tanks, and railroad tank cars: *Provided, however*, That where distilled spirits are conveyed by pipe line from the cistern room of the distillery premises, such pipe line shall be directly connected with such storage tanks, and brazed or otherwise secured to such tanks in such manner that it may not be detached or altered without showing evidence of tampering.

PAR. 18. Pipe lines shall be so secured at points of entering or passing from the warehouse as to prevent any communication with the warehouse at such points, except by transit through the pipe line when the valve is open. The storage-tank connections of the pipe line from the distillery cistern room shall be fitted at the inlet of each such tank, with a valve which can be secured with Government lock and such connections must be so arranged as to control the flow of spirits separately into each tank. Each pipe line not directly connected with a storage tank shall be fitted, at the end inside the warehouse, with a valve so constructed that it may be locked. Such valves in pipe lines and in the pipe connections of storage tanks shall be kept closed and locked at all times, except when necessary to be open for the transfer of spirits. Valves in the outlets of storage tanks need not be locked when the tanks are empty.

PAR. 19. The keys to all locks on weighing and storage tanks, and on pipe lines within the warehouse shall be kept at all times in the custody of the storekeeper-gauger at the warehouse.

PAR. 20. No pipe line may be used until it has been inspected and the District Supervisor has approved the same.

WAREHOUSE OFFICE

PAR. 21. The proprietor of an Internal Revenue Bonded Warehouse may provide an office therein for his own accommodation, but such office must be separated from the remainder of the warehouse by a solid, unbroken partition of substantial construction. If such an office is provided, the storekeeper-gauger shall be allowed such use thereof as may be necessary for the performance of his official duties. In any event, suitable accommodations shall be furnished the storekeeper-gauger for the purpose indicated.

SIGN

PAR. 22. The proprietor shall place over the front entrance or conspicuously upon the outer wall of each bonded warehouse, so that it can be plainly seen from the street or other public thoroughfare, a sign bearing in plain, legible letters and figures not less than three inches in height and of an appropriate width, painted in oil colors, or gilded, the words "Internal Revenue Bonded Warehouse", followed by the warehouse number and the name of the proprietor.

FENCES AND GATES

PAR. 23. The proprietor may erect around the premises of an Internal Revenue Bonded Warehouse a fence or wall, but a suitable number of gates therein must be provided. If such gates are locked, the District Supervisor must be furnished with duplicate keys in such number as may be required by him. If such wall or fence is to be solid and over five feet in height, specific approval therefor must be obtained from the District Supervisor.

NUMBERING WAREHOUSES

PAR. 24. Internal Revenue Bonded Warehouses shall be numbered serially by States in the order of their establishment: *Provided*, That any distillery, general or special bonded warehouse may, in the discretion of the Commissioner, upon being designated an Internal Revenue Bonded Warehouse, be given the same number theretofore assigned to it, if such reassignment will not result in a duplication of numbers in the State. The numbers of all Internal Revenue Bonded Warehouses will be assigned by the Commissioner.

F. A. A. PERMIT

PAR. 25. Under the Federal Alcohol Administration Act and the regulations issued pursuant thereto, any person (excepting any agency of a State or political subdivision thereof or any officer or employee of any such agency) intending to engage in the business of warehousing and bottling distilled spirits, is required to procure a permit therefor from the Federal Alcohol Administration, Washington, D. C.

PAR. 26. Any person filing an application, bond, and other papers, as hereinafter required, with the District Supervisor house, and who intends to bottle distilled spirits at such warehouse, shall exhibit the original of such permit to the District Supervisor and file two photostat copies thereof with him.

PAR. 27. No application, or supporting documents, submitted by a person intending to warehouse and bottle distilled spirits will be approved until such permit has been exhibited to the District Supervisor and two copies thereof filed with him.

PAR. 28. Upon receipt of notice of the revocation, suspension, or annulment of the permit, the District Supervisor will see that no operations are conducted contrary to the orders of the Federal Alcohol Administration.

APPLICATION

PAR. 29. Any person desiring the establishment of an Internal Revenue Bonded Warehouse shall file an application therefor on Form 27D in triplicate, with the District Supervisor of the District in which the warehouse is located. The

application shall be executed under oath and contain the following information:

(a) The name and residence of the applicant. If the applicant is a co-partnership, company, firm, or association or group other than a corporation, the application shall contain a statement of the name and residence of every member thereof. If the applicant is a corporation, the application must show the name of the State in which incorporated and the location of its principal office or place of business, and there must be filed with each copy of the application a certified copy of the corporate charter or certificate of incorporation, an affidavit giving the name and business address of each officer and director, and a certified copy of a resolution of the board of directors or of an extract from the by-laws showing that the person signing for the corporation is authorized so to sign.

(b) A statement of the precise location of the warehouse. If the business is carried on in a city, the place of business shall be indicated by the name of the street, the number of the building, and (if less than a whole building) the rooms or floors of the building. The statement shall also show definitely whether or not the warehouse is located (1) on the bonded premises of a registered distillery or (2) contiguous to such a distillery.

(c) A statement of the applicant's title to the warehouse premises, including the amounts of all mortgages or other incumbrances thereon and the names of the holders thereof. If the warehouse is occupied under a lease, the name of the lessor, the length of the term and date of its expiration shall be stated.

(d) An accurate description of the building or room constituting the warehouse, including the height, width, and depth; the materials of which constructed; if a whole building, the number of stories and height of each story; if a room, an exact description of the building in which it is situated and its precise location therein; and in every case, all the openings, connections, and surroundings, and how such openings and connections are secured.

(e) A statement showing the number and capacity of weighing and storage tanks installed (if any), and describing the pipe lines.

(f) A statement showing the capacity of the warehouse, in barrels, and the system of storage to be used.

(g) A description of the bottling warehouse and equipment and a statement of the daily bottling capacity.

(h) A statement in detail respecting the necessity for the establishment of the warehouse and showing the transportation facilities available.

PAR. 30. In addition to the foregoing information the applicant shall furnish any other data called for by the Commissioner.

PAR. 31. When the application is filed by an individual, it must be signed by him or in his name by his duly empowered attorney in fact.

PAR. 32. When the application is filed by a co-partnership, company, firm, or association, or group other than a corporation, it must be signed in the name of the applicant, followed by the signature of each member or by the signature of one member or some other person duly authorized by power of attorney so to sign.

PAR. 33. When the application is filed by a corporation, it must be signed in the name and under the impression of the seal, if any, of the corporation, followed by the signature and title of the officer thereof, or other person, duly empowered to sign for it.

PAR. 34. When the application is signed by an attorney in fact, it must be accompanied by a properly executed power of attorney, in duplicate.

PAR. 35. Each application for the establishment of an Internal Revenue Bonded Warehouse on premises not contiguous to a registered distillery must be accompanied by a sworn statement of the applicant's intention with respect to the storage of distilled spirits in the proposed warehouse,

showing the quantity of the initial deposits and the estimated quantity and the frequency of subsequent deposits. If the applicant has secured conditional contracts for the storage of spirits in the proposed warehouse he shall submit certified copies thereof with his application. No application for the establishment of an Internal Revenue Bonded Warehouse on premises not contiguous to a registered distillery will be approved unless the capacity of such warehouse is commensurate with the prospective needs of the area in which it is to be located, and in any event, not less than 10,000 barrels, and unless the location, capacity, transportation facilities, and design and construction of the warehouse are such as to insure economical supervision by Government officers.

PAR. 36. The proprietors of distillery, general, and special bonded warehouses designated Internal Revenue Bonded Warehouses pursuant to Section 408 (b) of the Liquor Tax Administration Act will not be required to file application as prescribed herein, in order for such warehouses to be so designated.

PLATS AND PLANS

PAR. 37. The applicant shall submit with his application a plat, in triplicate, of the warehouse premises on sheets of tracing linen, 15 x 20 inches, outside measurement, with a clear margin of at least one inch on each side of the drawing, lettering, and writing. The plat must contain an accurate description of the building, or rooms, to comprise the bonded warehouse premises. If the warehouse is to be a room or floor of a building, an exact description of the building and the precise location of the room or floor must be given. The dimensions of the buildings or rooms will be stated. The number of stories and height of each story will be shown in the description of buildings, and if two or more buildings are to be used they must be shown in their relative positions. The surrounding buildings, driveways, streets, and sidings, and the purposes for which such buildings are used, will also be indicated on the plat.

PAR. 38. The applicant shall also file plans of the same size as the plat, on sheets of tracing linen. The plans will include a floor plan of each room, or of each floor of each building, to be used as the bonded warehouse, indicating the dimensions of the room or floor, the location of all doors, windows, and other openings and their dimensions, and how the same are secured. If the construction of all floors in a single building is identical, a typical floor plan may be filed in lieu of a separate plan for each floor. The plans will also include an elevational view of each exposure of each building or room, showing the construction of foundations, floors, and walls, and the type of security afforded the openings. The position of storage and weighing tanks, if any, with all pipe connections thereto, the inlets, outlets, and other openings thereof, and how secured, and the locations for Government locks and seals will be shown. The serial number and the capacity in wine gallons of each tank will also be indicated. Pipe lines used for conveyance of spirits will be indicated in black and steam, water, and air lines indicated in white on the plans.

PAR. 39. Where the proprietor of a bonded warehouse premises desires to make a change therein, involving the inclusion or exclusion of a room or building, a new application on Form 27D, accompanied by a supplemental plan, or plat and plan, as the case may be, must be filed with the District Supervisor, as in the case of the establishment of such a warehouse. Where it is desired to install additional storage tanks or pipe lines, or to make alterations in such equipment, report thereof, in triplicate, shall be made by the proprietor to the District Supervisor. The Commissioner or District Supervisor may require the filing of a new plan at any time.

PAR. 40. Every plat and plan shall be drawn to scale and each sheet thereof shall bear a descriptive title enabling ready identification of the same. Plats and plans shall be drawn by competent draughtsmen.

PAR. 41. Each sheet of every plat and plan, both original and supplemental, shall also bear a certificate of accuracy, dated, and signed by the draughtsman, proprietor, and

District Supervisor. The certificate shall be in the following form:

----- District, ----- 19-----
We hereby certify that this is an accurate plan (plat or supplemental plan, as the case may be) of the warehouse premises of ----- of this district.

(Draughtsman)

(Proprietor)

(District Supervisor)

(Date)

PAR. 42. In case of succession of proprietorship, the successor may, if no change has been made in the premises and equipment, accept the plat and plan on file. Such acceptance shall include a certification as to the accuracy of the plat and plan. The acceptance must be executed in triplicate, one copy thereof attached to the plat and plan at the warehouse, and two copies submitted to the District Supervisor with the application.

PAR. 43. The proprietors of distillery, general and special bonded warehouses designated Internal Revenue Bonded Warehouses pursuant to Section 408 (b) of the Liquor Tax Administration Act will not be required to file new plats and plans, if accurate and satisfactory plans of such warehouses are on file, and copies thereof are available for inspection at the warehouses.

BONDS

PAR. 44. The proprietor of each Internal Revenue Bonded Warehouse shall furnish transportation and warehousing bond on Form 1571 in a penal sum sufficient to cover the tax at the rate imposed by law, now or hereafter in force, on all distilled spirits to be stored in such warehouse and to be in transit thereto at any one time: *Provided*, That the maximum penal sum of such bond shall not exceed \$200,000 for each such warehouse; *And provided further*, That the proprietor of any distillery, general or special bonded warehouse established according to law and actually being used on the date of the enactment of the Liquor Tax Administration Act for the storage of distilled spirits on which the tax has not been paid, may furnish, in lieu of new bond on Form 1571, a consent of surety on Form 1533 (supplemented, if necessary, as provided in Paragraph 45 hereof), extending the terms of his existing warehousing, or transportation and warehousing, bond or bonds, as the case may be, to cover the tax on distilled spirits stored in, and in transit to, the Internal Revenue Bonded Warehouse operated by him.

PAR. 45. Blanket bonds will not be accepted as new bonds to cover the storage of distilled spirits in Internal Revenue Bonded Warehouses and in transit thereto. Consents of surety extending the terms of blanket transportation and warehousing bonds in force on the effective date of the Liquor Tax Administration Act, to cover the tax on distilled spirits in Internal Revenue Bonded Warehouses shall specify the amount of the penal sums of such blanket bonds to be allocated to each such warehouse; and shall contain the undertaking that—

the obligors agree to remain bound by the terms of the said bond, as originally written for the period prior hereto, and hereafter as hereby changed, to all intents and purposes as if a new bond with such terms were this day executed.

In all cases where the penal sums of warehousing bonds and transportation and warehousing bonds (blanket or separate) of any series heretofore filed, the terms of which are extended by consents of surety as herein provided are not sufficient to cover the tax on distilled spirits in Internal Revenue Bonded Warehouses and in transit thereto, the proprietor of each such warehouse may give a strengthening bond on Form 1571 in sufficient penal sum to cover the deficiency (but not in excess of \$200,000), provided the surety or sureties thereon are the same as on the bond or bonds of such proprietor of any prior series already on file; otherwise a new bond on Form 1571 covering the entire liability will be required.

New and additional bonds on Form 1571, in such cases, must contain an effective date as of the date of approval of the Liquor Tax Administration Act, but the bonds must also show the current date of their execution in the blank spaces provided therefor.

PAR. 46. The purpose of requiring strengthening bonds on Form 1571 is to secure the tax on any distilled spirits that may be on deposit or in transit to an Internal Revenue Bonded Warehouse and not secured by the existing bond, and to cover the tax on such spirits that may thereafter be deposited in such warehouse. Being given for this purpose, the same are in no sense substitute bonds, and District Supervisors will refuse to approve any strengthening bonds where any notation is made thereon intended, or which may be construed, as a release of any former bond, or as limiting the amount of either bond to less than its full penal sum.

PAR. 47. The use of the following bond forms as new, superseding, strengthening, or renewal bonds is discontinued:

Form 78. General Bonded Warehouse Bond.
Form 79. Fruit Distiller's Annual Warehousing Bond.
Form 80. Distiller's Monthly Warehousing Bond.
Form 234. Special Bonded Warehouse Bond.
Form 235. Transportation and Warehousing Bond (For Special Bonded Warehouses).
Form 351. Transportation Warehouse Bond (For General Bonded Warehouses).
Form 359. Distiller's Annual Warehousing Bond.
Form 1521. Concentration Warehouseman's Bond.
Form 1522. Transportation and Warehousing Bond (Under the Concentration Act).

PAR. 48. The maximum penal sum of bond required of distillers is \$100,000 for each distillery (Section 3260, R. S., as amended). In any case where a distiller operates an Internal Revenue Bonded Warehouse on the distillery premises, and such distiller's bond, Form 30, is in the maximum penal sum of \$100,000, it may be accepted without surety if it is supported by the consent of the surety on Transportation and Warehousing Bond, Form 1571, which bond, in such case, shall be in the maximum penal sum of \$200,000. The same rule will apply to Fruit-Distiller's Bond, Form 30½, and bond, Form 1571, as applies to bonds, Forms 30 and 1571, i. e., Form 30½, given without surety, in the maximum penal sum of \$100,000, by any distiller operating an Internal Revenue Bonded Warehouse on the distillery premises may be supported by consent of the surety on bond, Form 1571, in the maximum penal sum of \$200,000. If bonds on Forms 30, 30½, and 1571 in the maximum penal sums stated are not given, separate bonds, on said forms, each with surety or security, must be given in sufficient penal sums.

PAR. 49. Bonds required to be given under the provisions of these regulations shall be prepared and executed in triplicate and delivered to the District Supervisor of the district where the premises covered by the bond are located. Before the bond is executed the applicant will ascertain through the District Supervisor the number to be assigned to the warehouse, if established, so that such number may be inserted in the bond. The bond will be approved by the District Supervisor if the principal has in all respects complied with the law and regulations. The original bond will be forwarded to the Commissioner, and one copy to the principal: *Provided*, That in the case of the establishment of a new warehouse or the qualification of an existing warehouse, or where a bond or consent of surety is filed in connection with an application for approval of changes in construction of a warehouse, the principal will not be furnished a copy of the bond or consent of surety prior to approval by the Commissioner. The third copy of the bond shall be retained by the District Supervisor.

PAR. 50. A new bond may be required at any time, in the discretion of the District Supervisor, or under instructions of the Commissioner. A new bond shall be required immediately in case of the death, removal, or insolvency of a personal surety, or insolvency of a corporate surety. Executors, administrators, assignees, receivers, and trustees continuing the business must execute a new bond or obtain the consent of the surety or sureties on the existing bond

or bonds. When, in the opinion of the District Supervisor, the interests of the Government demand it he shall require the proprietor of an Internal Revenue Bonded Warehouse to give a new bond for an increased amount.

PAR. 51. Bonds may be given with corporate surety authorized to act as surety by the Secretary of the Treasury, or by individual sureties (of which there must be two), or by the deposit of proper collateral.

PAR. 52. Corporate sureties must be duly authorized by the Secretary of the Treasury to become sureties on Federal bonds. Treasury Department Form 356, Commissioner of Accounts and Deposits, Section of Surety Bonds, published in April and September of each year for the information of Federal bond-approving officers and persons required to give bonds to the United States, lists companies holding certificates from the Secretary of the Treasury under the Act of Congress of August 13, 1894 (28 Stat., 279), amended by the Act of March 23, 1910 (36 Stat., 241), as acceptable sureties on Federal Bonds. Copies of Form 356 will be furnished twice yearly to District Supervisors for their guidance.

PAR. 53. District Supervisors are relieved from the duty of requiring and examining powers of attorney or other evidence of appointment of agents and officers executing bonds on behalf of surety companies. Evidence of such appointment is required to be filed with, and passed upon by, the Commissioner of Accounts and Deposits, Section of Surety Bonds, Treasury Department.

PAR. 54. Personal sureties on bonds (of which there must be two) must qualify by executing affidavit on Form 33, in triplicate. On approval by the District Supervisor, a copy of Form 33 should be attached to each copy of the bond to which it relates. District Supervisors should exercise great care in deciding as to the sufficiency of the security afforded by individual sureties and such sureties should not be accepted simply because they attempt to qualify by filing affidavit on Form 33. The principal object of affidavit, Form 33, is to obtain statements which the District Supervisor must investigate in every case. Personal sureties must reside within the State in which the Internal Revenue Bonded Warehouse is located, and where real property is offered as security the same must be within the State.

PAR. 55. Married women will not be accepted as sureties. If a woman signs a bond, a statement of the officer before whom she qualifies that she is unmarried, or her affidavit to that effect should accompany the bond.

PAR. 56. The surety or sureties on the bond must have no interest whatever in the business.

PAR. 57. District Supervisors on receiving bonds or notes of the United States, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States, pledged and deposited by principals as collateral security, in lieu of personal or corporate sureties, shall deposit same as required by Department Circular No. 154, revised.

PAR. 58. Bonds not completely and properly filled in and executed will be returned for correction. Proper record will be kept of bonds returned for correction, or for any other purpose.

PAR. 59. In the event any bond is not acceptable, the District Supervisor will be so notified by the Commissioner and he shall in turn notify the principal. Except as otherwise provided herein, the principal on a bond approved by the District Supervisor shall be allowed to operate until, in the event the bond is not accepted, the District Supervisor notifies him of such fact, whereupon a satisfactory bond shall be required by the District Supervisor as provided in these regulations.

PAR. 60. All disapproved bonds shall be returned to the principal and the surety or sureties notified of such disapproval.

PAR. 61. Consents of surety to change in terms of bond, Form 1533, must be executed by the principal and all sureties with the same formality and proof of authority to execute as required for the execution of bonds, in as many copies as are required of the bond affected thereby. If the surety is a corporation, the consent must be executed by the

home office officials of such corporate surety; except that, in cases where the saving of time is an element, it may be executed by an agent or attorney in fact when the home office officials, by specific authorization by letter or telegram, direct and order its execution. A copy of such authorization should be attached to each copy of such consent. The procedure governing the approval and disposition of the original and copies of bonds as provided in these regulations shall apply to the approval and disposition of consents of surety.

PAR. 62. In instances where it is desired to give bonds with corporate surety, two or more corporate sureties may be accepted thereon, and such bond shall be the joint and several liability of the principal and the sureties: Provided, That each corporate surety may limit its liability, in terms, upon the fact of the bond, in a definite specified amount, which amount shall not exceed the limitations prescribed for such corporate surety by the Secretary of the Treasury, as set forth in Form 356, Commissioner of Accounts and Deposits, Section of Surety Bonds.

PAR. 63. A surety on any bond may at any time in writing notify the principal and the District Supervisor in whose office the bond is on file, that he desires after a date named, which shall be at least 60 days after the date of the notification, to be relieved of liability under said bond. Said notice shall be executed in triplicate by the surety, who shall deliver one copy to the principal and the other two to the District Supervisor, who will retain one copy and transmit the remaining copy to the Commissioner. If such notice is not thereafter in writing withdrawn, the rights of the principal as supported by said bond shall be terminated on the date named in the notice and the surety shall be relieved under said bond for any acts done wholly subsequent to said date: Provided, That if the principal fails to execute a new and satisfactory bond, said bond shall remain effective until there shall have been taxpayment and proper accounting for all distilled spirits as of the date named in such notice. This notice may not be given by an agent of the surety unless it is accompanied by a power of attorney duly executed by the surety authorizing him to give such notice or by a verified statement that such power of attorney is on file with the Department.

PAR. 64. The full name of each person signing applications, notices, bonds, powers of attorney, consents of surety, and other written instruments, or papers required of proprietors of internal revenue bonded warehouses shall be legibly written (preferably typed) in the heading or body of each such instrument or paper.

PAR. 65. In the case of a copartnership, the trade name of the firm, followed by the names of all the members thereof, shall be shown. In the case of a corporation, there shall be shown the corporate name, the name of the State under the laws of which it is incorporated, and the location of the principal office or place of business.

PAR. 66. An individual proprietor of an internal revenue bonded warehouse executing such instruments shall sign his name thereto in his usual signature, or an attorney-in-fact, duly empowered by him, may sign in his behalf. In the case of a copartnership, the firm name shall be typed or written, followed by the word "By" and the usual signatures of all partners or the signature of any partner or other person holding a power of attorney authorizing him to execute bonds or other instruments on behalf of the partnership, a copy of which power of attorney must be attached to such bonds or other instruments. In the case of a corporation, the corporate name shall be typed or written, followed by the word "By" and the signature and title of each officer executing the document for the corporation, who must be duly authorized to act for the corporation. The instrument shall show the impression of the corporate seal and shall be supported by an authenticated copy of the document conferring authority upon each officer to execute the instrument. The signature of each person executing such instrument shall be witnessed by two persons, who shall attach their signatures as such, except where execution of the instrument is acknowledged before an officer duly authorized to administer oaths, or in the case of a

corporate instrument, when the seal of the corporation is affixed and attested by its proper officer.

PAR. 67. On all bonds, or consents of surety, in which alterations, erasures, or interlineations occur, there shall be indorsed, opposite each such alteration, erasure, or interlineation, the initials of all persons signing the instrument, and there shall also be attached thereto a statement, duly signed by all persons executing such instrument, that such alterations, erasures, or interlineations were made with their full knowledge and consent. A similar verification of alterations, erasures, or interlineations appearing in any other written instrument may be required by District Supervisors.

PAR. 68. Where a new bond (Form 1571) in a penal sum sufficient to secure the tax on all distilled spirits in the internal revenue bonded warehouse and in transit thereto is filed to supersede a bond or bonds of the same or a prior series and there is no record of violation of law or regulation by the principal, the District Supervisor shall, after approval of the superseding bond, prepare Form 1490, "Notice of Bond Termination", in quadruplicate (in quintuplicate if there are two sureties), and forward the original to the Deputy Commissioner, one copy to each obligor on the bond, and retain one copy to be filed with the bond to which it relates. Where assessments have been made against the principal, the District Supervisor will not issue Form 1490 until a statement has been obtained from the Collector of Internal Revenue that such assessments have been paid.

PAR. 69. The bonds, notes, or other obligations of the United States deposited as collateral security with an outstanding bond of the proprietor of an internal revenue bonded warehouse, and with respect to which no violation has been charged, may be used to secure a new superseding bond on Form 1571 by appropriate description of such collateral in the new bond.

PAR. 70. Upon receipt of an application for the release of a bond (Form 1571), or of a bond of a prior series, the District Supervisor will examine his records to ascertain whether there is any outstanding liability against the bond. If and when the District Supervisor is satisfied that there is no outstanding liability against a bond, the release of which has been applied for, he will prepare Form 1491, "Notification of Release of Bond", in quadruplicate (in quintuplicate if there are two sureties), and forward the original copy to the Deputy Commissioner, one copy to each obligor on the bond, and retain one copy to be filed with the bond to which it relates. Where an offer in compromise of civil liability or an application for remission, or claim for abatement of taxes, has been sent to the Deputy Commissioner, and notice of final action has not been received, the District Supervisor will not taken any action toward the release of the bond until such notice has been received, and a statement has been obtained from the Collector of Internal Revenue that the tax involved and all outstanding assessments, if any, have been paid.

PAR. 71. The provisions of Treasury Department Circular No. 154, revised, and these regulations shall apply to bonds to be superseded or released where obligations of the United States have been deposited with the Government by proprietors of internal revenue bonded warehouses as collateral security in lieu of surety or sureties, and to the disposition of such obligations so deposited.

PAR. 72. The terms, conditions, and instructions contained in forms of bonds, consents of surety, notices, applications, powers of attorney, affidavits, and all other instruments or papers required by law or regulations of persons operating Internal Revenue Bonded Warehouses are hereby made a part of these regulations as fully and to the same extent as if incorporated herein at length.

QUALIFICATION OF EXISTING WAREHOUSES

PAR. 73. All distillery, general, and special bonded warehouses established according to law and on the date of the enactment of the Liquor Tax Administration Act actually being lawfully used for the storage of distilled spirits on which the tax has not been paid, are, by virtue of Section

408 (b) of the said Act, hereby designated as Internal Revenue Bonded Warehouses, and, upon the filing of the necessary bonds and consents of sureties on existing bonds, as prescribed in these regulations, may be used for the storage of distilled spirits heretofore or hereafter produced; but any such warehouse must be so constructed as to afford security and protection to the spirits deposited and to be deposited therein, as provided by paragraph 12.

PAR. 74. When a proper bond, or proper consent of surety on an existing bond, is received from the proprietor of such a distillery, general, or special bonded warehouse, the District Supervisor will indicate his approval thereon and promptly forward one copy to the Commissioner for final approval. If the bond or consent of surety is approved by the Commissioner, he will assign a number to the warehouse and notify the District Supervisor of the action taken. The District Supervisor will then return one copy of the bond or consent of surety to the proprietor of the warehouse with advice as to the warehouse number. The remaining copy of the bond or consent of surety will be retained on file by the District Supervisor.

ESTABLISHMENT OF NEW WAREHOUSES

PAR. 75. When an application and plat and plan for the establishment of a new Internal Revenue Bonded Warehouse are received, the District Supervisor will make an inspection of the premises. If the District Supervisor finds that the applicant has in all respects complied with the law and regulations, and that the establishment of the proposed warehouse would be in conformity with the provisions of paragraph 35, he will approve the application, the plat and plan, and the bond, and promptly forward one copy of each to the Commissioner for final approval, accompanied by a copy of the inspection report, and a statement of the number of additional Government officers, if any, who would be required for the supervision of the proposed warehouse.

PAR. 76. In the event the District Supervisor finds, upon his examination of an application and supporting documents, or upon his inspection of the warehouse, that the applicant has not complied with the requirements of the law and regulations, and disapproves the proposed establishment of the warehouse, he will forward one copy of the application and supporting documents to the Commissioner with his recommendation and the reasons therefor.

PAR. 77. If the application, the plat and plan, and the bond are approved by the Commissioner, he will assign the indicated number to the warehouse, and notify the District Supervisor. The District Supervisor will note the warehouse number on the copies of the application in his possession, and return one copy thereof with one copy of the bond and the plat and plan to the applicant, who will keep the same at the warehouse available for inspection by Government officers. The remaining copy of the application, the plat and plan, and the bond will be retained by the District Supervisor.

PAR. 78. The District Supervisor will not allow the warehouse to be used as an Internal Revenue Bonded Warehouse until receipt of notice from the Commissioner that the application, plat and plan, and bond have been approved.

PAR. 79. If the application is disapproved by the Commissioner, he will give notice thereof to the District Supervisor with advice as to the reasons for such disapproval. Upon receipt of such notice, the District Supervisor will note the disapproval on the application, plat and plan, and bond, and return one copy of each to the applicant with information as to the reasons for such action. The remaining copy of each document will be retained on file by the District Supervisor.

CHANGE IN OWNERSHIP OR ORGANIZATION AND LOCATION

PAR. 80. Whenever there is a change in the proprietorship of a bonded warehouse, a new application on Form 27D and a new bond on Form 1571 must be promptly filed with the District Supervisor. A new plat and plan must also be filed, unless the new proprietor adopts in writing the plats and plans on file and certifies to their correctness. In the case of a copartnership, the withdrawal of a partner, or the

taking in of a new partner, whether active or passive, shall be considered a change of proprietorship.

PAR. 81. In case of a change in the location of a bonded warehouse, a new application, new plats and plans, and a new bond or consent of surety on the existing bond must be filed.

PAR. 82. When a change of officers or directors of a corporation operating a bonded warehouse occurs, the District Supervisor shall be promptly furnished a certified copy of the corporate minutes covering such changes or other duly certified notice, in duplicate. The District Supervisor will forward one copy to the Commissioner.

DEPOSIT IN WAREHOUSE

PAR. 83. Except as provided in Section 602 of the Revenue Act of 1918, as amended, all distilled spirits shall be drawn from receiving cisterns into casks or packages and thereupon shall be gauged, proofed, and marked, and immediately removed into an Internal Revenue Bonded Warehouse.

PAR. 84. Under Section 602 of the Revenue Act of 1918, as amended, distilled spirits reduced in the receiving cisterns of a registered distillery to not more than 159 and not less than 100 degrees of proof may be transferred from such receiving cisterns, by means of pipe lines, direct to storage tanks in an Internal Revenue Bonded Warehouse located on the distillery premises where produced, and be warehoused in such storage tanks. Such spirits may also be drawn from such receiving cisterns into approved containers and transferred to any Internal Revenue Bonded Warehouse for storage therein.

PAR. 85. Distilled spirits deposited in bonded warehouse storage tanks pursuant to Section 602, Revenue Act of 1918, as amended, may be drawn into casks, barrels, or similar wooden packages, or into drums or similar metal packages, having a capacity of not less than ten wine gallons each, either for storage in bond or immediate tax-payment. Such spirits may also be drawn from such storage tanks into railroad tank cars, either for immediate tax-payment or for transfer in bond, but only in case the premises of the consignee of such tank car is equipped with railroad siding facilities.

PAR. 86. When distilled spirits are removed into an Internal Revenue Bonded Warehouse on the distillery premises where produced, the storekeeper-gauger will be furnished a copy of Form 1520, containing the report of the original gauge of the spirits and the distiller's entry for deposit. When distilled spirits are removed to such a warehouse located off the distillery premises, the storekeeper-gauger will, if the warehouse and the distillery are located in the same supervisory district, be furnished two copies of such Form 1520, each accompanied by a copy of Form 236 with Parts 1, 2, 3, and 4 executed, and, if the warehouse and the distillery are located in different supervisory districts, with three copies of each form, similarly executed.

PAR. 87. When spirits are received at the bonded warehouse in casks or other approved containers for deposit therein, the storekeeper-gauger will examine the shipment upon its arrival. He will regauge any packages which appear to have been tampered with or from which spirits appear to have been abstracted or lost, and will note on Part 5 of Form 236 any deficiencies ascertained and attach to the form a statement setting forth fully the apparent cause of the deficiency. If the examination of the railroad tank car reveals evidence of loss by casualty or theft, the quantity will be ascertained by regauging the contents, and report will be made as in the case of packages regauged. The spirits may be removed from the tank car for regauging, but upon completion of such regauging, the same will be immediately transferred back into the tank car, and such tank car will be locked and sealed pending tax-payment or further transfer in bond. The transfer of spirits from a tank car for regauging, and the return of the same, shall be done under the immediate supervision of the storekeeper-gauger. Upon tax-payment, the storekeeper-gauger will re-

move the Slight locks from the tank car and return the same, together with the keys therefor, to the storekeeper-gauger at the original point of shipment.

PAR. 88. The transfer of spirits by pipe line from the distillery cistern room to storage tanks in a bonded warehouse on the distillery premises, will be under the immediate supervision of the storekeeper-gauger. The storekeeper-gauger will see that the outlet and all other openings of the storage tank affording access to the spirits are closed and locked, and that valves in the pipe line are so adjusted as to control the flow of spirits into the tank. When the spirits have been deposited in the tank, the inlet will be immediately closed and locked.

PAR. 89. The product of two or more distillers shall not be mingled in a storage tank; nor shall spirits which differ in kind according to the standards of identity established by the Federal Alcohol Administration, or which differ more than 10 degrees in proof, be so mingled. When spirits are deposited in a storage tank, the storekeeper-gauger will note the number of the tank on the Form 1520 covering the original gauge. He will also mark on the storage tank, with chalk or crayon, the date of the entry for deposit, and the proof at which the spirits were distilled (as, "Distilled between 160 and 190 Proof" or "Distilled 190 Proof or over").

PAR. 90. Distilled spirits drawn into casks or packages from storage tanks for storage in the warehouse where packaged, shall be gauged, marked, and branded in accordance with the provisions of the Gauging Manual of 1934, as amended. The details of the gauge will be entered by the storekeeper-gauger on Form 1520, in triplicate, including a notation of the date of the original entry for deposit and the proof at which distilled, as indicated in paragraph 89. The storekeeper-gauger will forward one copy of the form to the District Supervisor, deliver one copy to the warehouseman, and retain the remaining copy on file.

PAR. 91. All packages filled from bonded warehouse storage tanks, whether for storage in bond or immediate removal, shall be serially numbered, separately from packages filled in the distillery cistern room, beginning with No. 1, preceded by the letter "T", as T-1, T-2, etc.

PAR. 92. Upon the deposit of spirits in a bonded warehouse off the distillery premises where produced, the storekeeper-gauger will execute his report on Part 5 of Form 236, retain one copy of such form with Form 1520 attached, and forward the remaining copies of each form to the District Supervisor of his district. The District Supervisor will, in cases where the distillery is located in another district, transmit one copy of each form to the Supervisor of such district.

PAR. 93. All copies of Form 1520, or Form 236 with Form 1520 attached, relating to spirits produced at the same distillery by the same distiller, will be filed together, in the order that the spirits were received, so that monthly return, Form 1513, may be promptly prepared at the end of the month. Upon withdrawal of any spirits received in packages the date and purpose for which withdrawn will be noted in the unused space, columns 13 to 19, of the Form 1520, covering the original gauge. When spirits are drawn from storage tanks into packages for storage in bond, or into packages or railroad tank cars for immediate removal, a similar record will be made on the Form 1520 covering the original gauge.

PAR. 94. If the spirits deposited in a storage tank are covered by two or more Forms 1520, the storekeeper-gauger will keep such forms together and make an identifying notation on each showing that they, collectively, represent the spirits deposited in the tank. The several forms will then be treated as a single form for the purpose of recording withdrawals. When the drawing of spirits from a storage tank has begun, no further deposit of spirits therein will be permitted until the tank has been completely emptied and the loss, if any, ascertained. The loss will be reported as provided in paragraph 130.

WITHDRAWAL FROM WAREHOUSE

PAR. 95. Distilled spirits deposited in an Internal Revenue Bonded Warehouse may be transferred in bond to another such warehouse, or withdrawn upon tax-payment, or withdrawn in bond free of tax for exportation or other lawful purposes.

PAR. 96. Distilled spirits withdrawn from a bonded warehouse in distiller's original packages, or in packages to which the contents of such original packages were transferred in accordance with law and regulations, shall be regauged (unless, in the case of original packages, withdrawal is made on original gauge, as provided by law), stamped, marked, and branded in accordance with the provisions of the Gauging Manual of 1934, as amended.

PAR. 97. Casks or packages filled from bonded warehouse storage tanks shall, upon withdrawal, be gauged, marked, branded, and (if tax-paid) stamped in accordance with the provisions of the Gauging Manual of 1934, as amended.

PAR. 98. The prescribed marks and brands, whether the same are required to be cut, burned, imprinted, or stenciled, shall be placed upon the package by the distiller or the warehouseman at his expense, under the supervision of the storekeeper-gauger.

PAR. 99. The storekeeper-gauger shall verify the gross weight, tare, net weight, wine gallons, proof, and proof gallons marked on the packages, by comparison with his gauge sheet, Form 1520, and shall satisfy himself as to the accuracy and correctness of the marks, brands, and stamps (if any).

PAR. 100. All mechanical labor pertaining to the weighing of packages shall be performed by the distiller or the warehouseman. The storekeeper-gauger shall, however, test or balance the scale before weighing either empty or filled packages, and during the process of weighing he shall personally verify the weight of each package and record it in the proper column of Form 1520. The storekeeper-gauger shall also personally take the proof of the spirits and prepare his report of gauge on Form 1520.

PAR. 101. When packages of distilled spirits are emptied, all stamps, marks, and brands required to be placed thereon must be completely effaced and destroyed. Tax-paid and other certificates affixed to railroad tank cars must also be destroyed when such cars are emptied.

TRANSFERS IN BOND

PAR. 102. Distilled spirits deposited in an Internal Revenue Bonded Warehouse in original packages may be transferred to another such warehouse for storage therein. Spirits deposited in storage tanks may also be so transferred in approved containers.

(a) Between Warehouses in Same District

PAR. 103. Where the transfer is to be made between bonded warehouses in the same supervisory district, the proprietor of the receiving warehouse shall execute an application for the transfer of the spirits on Part 1 of Form 236, in quadruplicate. If the spirits are to be drawn from storage tanks, the application will show, in addition to the other applicable data, the kind of spirits and the maximum quantity in tax-gallons to be transferred. All copies of the form will be forwarded by the applicant to the District Supervisor. If the applicant has on file a good and sufficient bond, the District Supervisor will execute Part 2 and Part 3 of the form and forward all copies to the storekeeper-gauger at the transferring warehouse.

PAR. 104. If the spirits to be transferred are in packages, the storekeeper-gauger will inspect the same and execute Part 6. If in storage tanks, the same will be drawn into packages, gauged, marked, and branded, or run into a weighing tank, gauged, and run by pipe line into a railroad tank car constructed and marked as prescribed in paragraph 105. Spirits which differ in kind, according to the standards of identity established by the Federal Alcohol Administration, or which differ more than ten degrees in proof, may not be mingled in filling packages and railroad tank cars from storage tanks. The storekeeper-gauger will

prepare report of gauge, Form 1520, in quadruplicate, and attach one copy thereof to each copy of Form 236. In the case of tank car shipments, the storekeeper-gauger will note on Form 1520 the date of original entry for deposit, the proof at which distilled (in the manner prescribed by paragraph 89), the number of the tank car, and the serial number of the lock seal. In the case of packages filled from storage tanks, the date of the original entry for deposit and the proof at which distilled will be noted by the storekeeper-gauger on Form 1520.

PAR. 105. Each railroad tank car used to transport distilled spirits in bond must be so constructed that all openings may be securely closed and locked, and the number and capacity, in wine gallons, of the tank car must be permanently and legibly marked or painted thereon. The shipper shall furnish Slaight locks for use in locking the openings, and such locks will be sealed with seals furnished by the Government. The key for each lock so used will be forwarded by the storekeeper-gauger at the transferring warehouse to the storekeeper-gauger at the receiving warehouse on the date the tank car is shipped. The locks and keys will be promptly returned to the storekeeper-gauger at the transferring warehouse by the storekeeper-gauger at the receiving warehouse when the spirits have been tax-paid.

PAR. 106. Upon receiving an application to gauge spirits to be transferred in bond in a railroad tank car, the storekeeper-gauger will first inspect the tank car to ascertain whether all openings therein which would afford access to the spirits may be closed and locked with a Government seal lock. If the tank car is not so constructed, the officer will not permit it to be filled.

PAR. 107. A tank car must be filled under the immediate supervision of the Government officer. The pipe line must not be connected or used, except in his presence. As soon as the spirits have been properly gauged and loaded, the officer will lock the car and seal the lock.

PAR. 108. Before the tank car is released, a certificate, date and signed by the storekeeper-gauger, showing the shipment is in bond and giving the name, number, and location of both the transferring and receiving warehouses, shall be securely affixed to some conspicuous and secure place on the tank car where it may be readily examined by Government officers. The certificate will be in substantially the following form:

Shipped in Bond by
JOHN DOE COMPANY
I. R. B. W. No. 5, Boston, Mass.
To
NEW YORK WAREHOUSE COMPANY
I. R. B. W. No. 1, Brooklyn, N. Y.

(Date) (Storekeeper-Gauger)

PAR. 109. Upon removal of the packages or railroad tank car, the storekeeper-gauger will execute Part 4 of Form 236, retain one copy, with Form 1520 (if any), attached, deliver one copy of each to the proprietor of the transferring warehouse, and forward two copies of each to the proprietor of the receiving warehouse.

PAR. 110. The storekeeper-gauger at the receiving warehouse will examine the shipment upon its arrival. He will regauge any packages which appear to have been tampered with, or from which spirits appear to have been abstracted or lost, and will note in his receipt on Part 5 of Form 236 any deficiencies ascertained and attach to the form a statement setting forth fully the apparent cause of such deficiency.

PAR. 111. If the examination of a railroad tank car shipment reveals evidence of loss by casualty or theft, the quantity lost will be ascertained by regauging the contents, and report will be made as in the case of packages regauged. The spirits may be removed from the tank car for regauging, but upon completion of such regauging the same will be immediately transferred back into the tank car, and such tank car will be locked and sealed pending tax-payment or

further transfer in bond. The spirits must be drawn from and returned to the tank car under the immediate supervision of the storekeeper-gauger.

PAR. 112. When the packages or railroad tank cars have been delivered into the warehouse, the storekeeper-gauger will execute his receipt on Part 5 of Form 236, retain one copy, with Form 1520 (if any) attached, and forward one copy of each to the District Supervisor.

(b) *Between Warehouses in Different Districts*

PAR. 113. Where the transfer is to be made between warehouses in different districts, the proprietor of the receiving warehouse shall file with the District Supervisor of his district an application for the transfer of the spirits on Part 1 of Form 236, in quintuplicate, in the manner indicated in paragraph 103. If the applicant has on file a good and sufficient bond, the District Supervisor will execute the certificate to that effect on Part 2, and transmit all copies to the District Supervisor of the district in which the transferring warehouse is located. The District Supervisor of such district will execute Part 3, his order to the storekeeper-gauger to gauge and release the spirits, and will then forward all copies to the storekeeper-gauger at the transferring warehouse, who will proceed as in the case of the transfer of spirits between warehouses in the same district.

PAR. 114. Upon removal of the packages or railroad tank car, the storekeeper-gauger will execute Part 4 of Form 236, retain one copy, with Form 1520 (if any) attached, deliver one copy of each form to the proprietor of the transferring warehouse, and forward three copies of each to the storekeeper-gauger at the receiving warehouse.

PAR. 115. After the shipment has been received and examined, and any losses or discrepancies noted and reported, the storekeeper-gauger at the receiving warehouse will execute his receipt on Part 5 of Form 236, retain one copy, with Form 1520 (if any) attached, and forward the two remaining copies of each to the District Supervisor of his district. The District Supervisor will retain one copy of each, and forward the other copies to the District Supervisor of the district from which the transfer was made.

PERIOD OF STORAGE IN BOND

PAR. 116. Distilled spirits entered for deposit in a distillery, general, or special bonded warehouse prior to the date of the enactment of the Liquor Tax Administration Act, or entered for deposit on or after such date in an Internal Revenue Bonded Warehouse, shall be withdrawn therefrom within eight years from the date of original entry, except that distilled spirits which on the effective date of Section 307 of the said Act (July 26, 1936) are eight years of age, or older, and which are in bonded warehouses, may remain therein after such date; but no allowance for loss by leakage or evaporation may be made in the case of such spirits with respect to any period after such date.

PAR. 117. The tax on distilled spirits shall be due and payable before and at the time of withdrawal from the bonded warehouse and within eight years from the date of original entry, except that such eight-year limitation shall not be applicable in the case of spirits which on the effective date of Section 307 of the Liquor Tax Administration Act are eight years of age, or older, and which are in bonded warehouses.

PAR. 118. In case the proprietor of a bonded warehouse fails or refuses to give bond as required, or to renew the same, or neglects immediately to withdraw the spirits and pay the tax thereon, or if he neglects to withdraw any bonded spirits and pay the tax thereon before the expiration of the time limited in the bond, the Collector shall proceed to collect the tax by distraint, issuing his warrant of distraint for the amount of tax found to be due, as ascertained by him from the report of the storekeeper-gauger if no bond was given, or from the terms of the bond if a bond was given.

PAR. 119. If it shall appear at any time that there has been a loss of distilled spirits from any cask or other package deposited in an Internal Revenue Bonded Warehouse,

other than the loss provided for in Section 3221, R. S., as amended, which, in the opinion of the Commissioner is excessive, he may instruct the District Supervisor of the district in which the loss has occurred to require the withdrawal from warehouse of such distilled spirits, and direct the Collector to collect the tax accrued upon the original quantity entered into the warehouse in such cask or package, notwithstanding that the time specified in any bond given for the withdrawal of the spirits entered into warehouse in such cask or package has not expired.

PAR. 120. Whenever the owner of distilled spirits stored in any Internal Revenue Bonded Warehouse fails, upon the discontinuance of such warehouse, to transfer such spirits to such other warehouse as the Commissioner may designate, and within the time prescribed by him, or to pay the just and proper expense of such transfer, as ascertained and determined by the Commissioner, such spirits may be seized and sold by the Collector in the same manner as goods are sold upon distraint for taxes.

TAXPAYMENT IN PACKAGES

PAR. 121. Application for taxpayment and withdrawal of distilled spirits in packages from a bonded warehouse shall be made by the distiller or proprietor of the warehouse on Form 179, in quadruplicate. If the spirits are to be drawn from a storage tank, the applicant shall indicate, in addition to other applicable data on the form, the maximum quantity to be withdrawn, and the kind of packages to be used. Separate applications shall be filed for the withdrawal of spirits from storage tanks. All copies of the application will be delivered to the storekeeper-gauger at the warehouse, if one is regularly assigned thereto; otherwise, to the district Supervisor, who will assign an officer to supervise the withdrawal.

PAR. 122. If the spirits to be withdrawn are in distillers' original packages, the storekeeper-gauger will, upon receipt of the application, regauge the spirits, unless they are to be withdrawn on the original gauge. If the spirits are contained in storage tanks, they will be drawn into the designated packages and gauged, and such packages marked, branded, and serially numbered as prescribed herein. The details of the gauge or regauge, as the case may be, will be entered by the storekeeper-gauger on Form 1520, in quadruplicate. In the case of packages filled from storage tanks, the storekeeper-gauger will note on Form 1520 the date of the original entry for deposit, and the proof at which the spirits were distilled, in the manner prescribed in paragraph 89. Three copies of Form 1520, accompanied by all copies of Form 179 with the storekeeper-gauger's report thereon duly executed, will be delivered by the storekeeper-gauger to the proprietor of the warehouse, who will enter the packages in the space provided therefor on Form 179, and then forward all copies of both forms to the Collector of Internal Revenue with remittance for the tax.

PAR. 123. The Collector will, upon issuance of the tax-paid stamps, enter the serial numbers thereof in the appropriate spaces on the forms, sign the certificate of tax-payment on Form 179, retain one copy of such form for his files, and return three copies of each form to the warehouseman with the stamps. The warehouseman will deliver the forms and stamps to the storekeeper-gauger, whereupon the packages will be duly stamped and marked, and removed from the warehouse. The storekeeper-gauger will then execute his statement of the date of withdrawal on the three copies of Form 179, retain one copy of each form, deliver one copy of each to the warehouseman, and forward one copy of each to the District Supervisor.

TAX-PAID WITHDRAWALS IN TANK CARS

PAR. 124. Application to withdraw spirits from storage tanks and tax-pay the same for removal in railroad tank cars shall be made by the distiller or warehouseman on Form 179, in quadruplicate, as in the case of withdrawals from such tanks for tax-payment in packages, except that the serial number and capacity of the tank car will be stated in the application. The storekeeper-gauger will,

upon receipt of the application, proof and weigh, in a locked weighing tank, the spirits to be withdrawn. The storekeeper-gauger will enter the details of the gauge on Form 1520, in quintuplicate. The storekeeper-gauger will also note on each copy of Form 1520 the date of original entry for deposit, the proof at which distilled (in the manner prescribed by paragraph 89), and the number of the tank car. Three copies of Form 1520, accompanied by all copies of Form 179 with the storekeeper-gauger's report thereon duly executed, will be delivered to the warehouseman, who will forward the same to the Collector with remittance for the tax.

PAR. 125. The Collector will issue a receipt for the tax on Form 1, note the tax-payment on each copy of the forms, execute his certificate of tax-payment on Form 179, retain one copy of such form for his files, and return three copies of each form to the warehouseman with the tax receipt, Form 1. The receipt on Form 1 will show the date of tax-payment, amount, name of tax-payer, number of tank car, and tax-gallon contents.

PAR. 126. The warehouseman will deliver all forms, including the tax receipt, to the storekeeper-gauger, who will securely affix the tax receipt to the tank car before it is released. The storekeeper-gauger will, upon release of the tank car, execute his statement of withdrawal on Form 179 and dispose of the copies of such form and Form 1520 in the same manner as those pertaining to tax-paid withdrawals in packages, except that the warehouseman will be furnished with two copies of Form 1520. The warehouseman will, in every instance, where spirits are tax-paid in a railroad tank car, furnish the consignee a copy of Form 1520 describing the spirits therein.

PAR. 127. All copies of Form 179 relating to spirits produced at the same distillery by the same distiller will be filed together, in the order the spirits were withdrawn, so that monthly return, Form 1513, may be promptly prepared at the close of the month.

LOSSES OF SPIRITS

PAR. 128. The allowances provided by the Act of February 6, 1925 (43 Stat. 808), for losses of spirits in warehouse by leakage or evaporation, will be applicable for the period up to and including the effective date of Section 307 of the Liquor Tax Administration Act (July 26, 1936), in the case of packages of spirits which on the effective date of the said section are eight years of age, or older, and which are in bonded warehouses; but a regauge to determine the losses to be allowed shall be made prior to the effective date of said Section 307. Such packages of spirits may remain in bond after the effective date of said Section 307, but no allowance for loss therefrom by leakage or evaporation may be made for any period after such date.

PAR. 129. The allowances provided by Section 307 of the Liquor Tax Administration Act for losses in warehouse by leakage or evaporation will be applicable in the case of packages of spirits entered for deposit in a bonded warehouse either before or after the effective date of the said section, except as indicated in the preceding paragraph.

PAR. 130. No allowance can be made under Section 307 of the Liquor Tax Administration Act, or any other statute, for losses of distilled spirits by leakage or evaporation from railroad tank cars, or from storage tanks in a bonded warehouse, or from packages filled from such storage tanks. When a storage tank is emptied, the loss will be ascertained by the storekeeper-gauger and reported to the District Supervisor. Tax will be assessed and collected on such loss, unless the same is due to destruction by accidental fire or other casualty or to theft, and the tax remitted under Sections 3221 and 3223, R. S., or under Section 16 of the Liquor Law Repeal and Enforcement Act, respectively. When a package filled from a warehouse storage tank is withdrawn, tax will be collected on the original contents of such package unless withdrawn tax-free. If withdrawn tax-free, tax will be collected on the difference, if any, between the original gauge and the withdrawal gauge.

WAREHOUSE MONTHLY REPORT

PAR. 131. The storekeeper-gauger in charge of an Internal Revenue Bonded Warehouse will render a monthly report on Form 1513, in triplicate, of all distilled spirits deposited in, withdrawn from, and remaining in warehouse at the close of the month. Spirits received in a bonded warehouse from a distillery cistern room on the same bonded premises will be entered separately from spirits received direct from cisterns of distilleries on other bonded premises. Separate entries of spirits deposited in and removed from warehouse storage tanks will be made on an extension of the last page of Form 1513, a specimen of which extension will be furnished by the Bureau. The following four lines will be added to the summary on the last page of Form 1513 for the purpose indicated:

- 1 (a). Packages filled from storage tanks;
- 2 (a). Received from cisterns of distillery on same bonded premises;
- 3 (a). Received from cisterns of distilleries on other bonded premises;
- 18 (a). Packages filled from storage tanks.

PAR. 132. Spirits drawn into packages from storage tanks during the month will be entered separately on the first page of the form in the same manner as spirits originally deposited in packages, but with an identifying notation. Withdrawals of packages filled from storage tanks will be entered in the same manner as withdrawals of other packages. Removals of spirits tax-paid in tank cars will be entered on Line 7 on the extension sheet, the serial number of each tank car and the quantity removed therein being stated.

PAR. 133. The storekeeper-gauger will forward two copies of the report to the District Supervisor within five days after the expiration of the month for which rendered, and will retain one copy on file in his office.

SUPERVISOR'S WAREHOUSE ACCOUNT

PAR. 134. Each District Supervisor will prepare a monthly bonded spirits warehouse account on Form 1514, in duplicate, for each State within his supervisory district. Spirits received in bonded warehouses from cisterns of distilleries on the same bonded premises will be entered separately from spirits received direct from cisterns of distilleries on other bonded premises. Separate entries of spirits deposited in and removed from warehouse storage tanks will also be made on an extension of the last page of Form 1514, a specimen of which extension will be furnished by the Bureau. Spirits withdrawn from warehouses, tax-paid, for removal in railroad tank cars will likewise be entered separately. The following five lines will be added on page 1 of the account for the purpose indicated:

9. Received from cisterns of distillery on same bonded premises;
10. Received from cisterns of distilleries on other bonded premises;
11. Packages filled from storage tanks;
13. (a) Withdrawn from warehouses tax-paid in railroad tank cars;
18. (a) Packages filled from storage tanks.

Necessary additional lines, numbered as indicated, will be added to the restatement on the fourth page of the form for the required entries. Spirits lost from storage tanks by casualty or theft will be entered on the second page of the form with appropriate notation. Spirits removed, tax-paid, in tank cars will be entered on the third page in the same column as packages tax-paid, but on a separate line with an appropriate identifying notation.

PAR. 135. The data for the account will be obtained from the reports of storekeeper-gaugers on Form 1513. One copy of each account, Form 1514, will be forwarded to the Commissioner on or before the expiration of the month following the month for which rendered, together with one copy of each report, Form 1513, upon which the account is based. The remaining copy of Form 1514 will be retained by the District Supervisor.

WAREHOUSEMAN'S RECORDS

PAR. 136. The proprietor of a bonded warehouse will keep a record, Form 52, for the bonded warehouse, and a separate record, Form 52, for the free or tax-paid warehouse. The

record, Form 52, for the bonded warehouse must show all spirits removed from bond, entries to be made on the right-hand page only. The record, Form 52, for the tax-paid or free warehouse must show all spirits entered into and all spirits removed from the warehouse. Monthly transcripts of record, Form 52, on Form 52B for the bonded warehouse, and on Forms 52A and 52B for the tax-paid or free warehouse, will be made and filed by the warehouseman with the District Supervisor on or before the tenth day of the month following the month for which rendered.

PRIOR REGULATIONS EXTENDED

PAR. 137. The provisions of regulations heretofore issued relating to distillery, general, and special bonded warehouses, and which were in effect at the time of the enactment of the Liquor Tax Administration Act, so far as they are not in conflict with the provisions hereof, are hereby extended to Internal Revenue Bonded Warehouses.

PAR. 138. The provisions of Regulations 7, effective May 1, 1930, respecting the deposit of brandy in a bonded warehouse on the premises of the distillery where produced, and the removal of such brandy from such warehouse to bonded wineries for use in the fortification of wine, are hereby extended pursuant to Section 3255, R. S., as amended, to the deposit of brandy in an Internal Revenue Bonded Warehouse located on the distillery premises where produced, and to the removal of such brandy from such warehouse to bonded wineries for use in fortifying wines: Provided, That the deposit of brandy in any Internal Bonded Warehouse, the transfer in bond thereof, and the withdrawal of the same shall be in accordance with the procedure prescribed in this Treasury Decision.

[SEAL]

CHARLES T. RUSSELL,

Acting Commissioner of Internal Revenue.

Approved, June 27, 1936.

STEPHEN B. GIBBONS,

Acting Secretary of the Treasury.

[F. R. Doc. 1064—Filed, July 1, 1936; 12:51 p. m.]

[T. D. 4652]

MARKING PACKAGES OF DISTILLED SPIRITS—GAUGING MANUAL AMENDED

To District Supervisors, Collectors of Internal Revenue, and Others Concerned:

Subsections (a) and (b) of Section 3287, R. S., as amended by Section 201 of the Liquor Tax Administration Act, provide as follows:

SEC. 3287. (a) Except as provided in section 602 of the Revenue Act of 1918, as amended, all distilled spirits shall be drawn from receiving cisterns into casks or packages and thereupon shall be gauged, proved, and marked by a storekeeper-gauger, and immediately removed into an Internal Revenue Bonded Warehouse. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, gauging, and packaging of distilled spirits; the marking, branding, numbering, and stamping of such packages; and the transfer and transportation to, and the storage of such spirits in, Internal Revenue Bonded Warehouses.

(b) Upon the application of the distiller and under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, distilled spirits may be drawn into wooden packages, each containing two or more metallic cans, which cans shall each have a capacity of not less than five gallons, wine measure. Such packages shall be filled and used only for exportation from the United States. And there shall be charged for each of said packages or cases for the expense of providing and affixing stamps, 5 cents.

The first paragraph of Section 602 of the Revenue Act of 1918, as amended by Section 308 of the Liquor Tax Administration Act, provides as follows:

SEC. 602. Subject to the provisions of existing law, spirits produced at registered distilleries and reduced in the receiving cisterns in such distilleries to not more than one hundred and fifty-nine degrees of proof and not less than one hundred degrees of proof, may be transferred, by means of pipe lines, direct to

storage tanks in the Internal Revenue Bonded Warehouse located on the bonded premises where produced and be warehoused in such storage tanks, or they may be drawn into approved containers and transferred to any Internal Revenue Bonded Warehouse for storage therein, or they may be taxpaid in such approved containers in such cistern rooms, without being entered into an Internal Revenue Bonded Warehouse. Such spirits may be drawn into approved containers from storage tanks in Internal Revenue Bonded Warehouse located on the bonded premises of the distillery either for storage in bond or tax payment. Such spirits, upon tax payment, may be transported in approved containers for use for beverage purposes only. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, transferring, gauging, storing, and transportation of such spirits; the records to be kept and returns to be made; the size and kind of containers to be used; the marking, branding, numbering, and stamping of such containers; the kind of stamps, if any, to be used; and the kind of bond and the penal sum thereof.

Subsection (a) of Section 3295, R. S., as amended by Section 202 of the Liquor Tax Administration Act, provides as follows:

SECTION 3295. (a) Whenever an application is received for the removal from any Internal Revenue Bonded Warehouse of any cask or package of distilled spirits on which the tax has been paid, the storekeeper-gauger shall gauge and inspect the same, and shall, before such cask or package has left the warehouse, place upon such package such marks, brands, and stamps as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall by regulations prescribe which marks, brands, and stamps shall be erased when such cask or package is emptied.

Pursuant to the foregoing provisions of law, the titles of Articles XI and XV of the Gauging Manual of 1934, and Paragraphs 67, 68, 69, 70, 72, 84, 86, 89, 90, 92, and 93, of the said Manual are amended to read as follows:

PAR. 67. (a) Section 3287, R. S., as amended, and the regulations issued pursuant thereto, require that all spirits (other than high proof rum and brandy) distilled at a registered distillery shall, except as otherwise provided by Section 602 of the Revenue Act of 1918, as amended, be drawn from the receiving cisterns into casks or packages, each of not less capacity than 10 gallons, wine measure, and shall thereupon be gauged, proofed and marked, and immediately removed into an Internal Revenue Bonded Warehouse: Provided, That under Section 3287, R. S., as amended, distilled spirits may, for the purpose of exportation only, be drawn into wooden packages, each containing two or more metallic cans, which cans shall each have a capacity of not less than five gallons, wine measure.

(b) Section 602, Revenue Act of 1918, as amended, and the regulations issued pursuant thereto, authorize the drawing into such casks or packages, of distilled spirits reduced in the receiving cisterns of registered distilleries to not more than 159 and not less than 100 degrees of proof, and require that any casks or packages so filled shall be gauged, proofed, and marked. (For removals by pipe line or railroad tank car authorized by Section 602, see T. D. 4650.)

ARTICLE XI. MARKING AND BRANDING CASKS OR PACKAGES OF SPIRITS DISTILLED AT A REGISTERED DISTILLERY WHEN DRAWN FROM RECEIVING CISTERNS AND WAREHOUSE STORAGE TANKS

PAR. 68. When spirits distilled at a registered distillery are drawn from the receiving cisterns thereof or from storage tanks in a bonded warehouse, into packages, either for storage in a bonded warehouse or for immediate withdrawal, each package will be weighed and proofed.

PAR. 69. (a) The name of the distiller or the person in whose name the spirits were produced, the registered number of the distillery, the city or town and State in which the distillery is located, and the kind of spirits will be plainly burned or imprinted in black letters and figures sunk into the wood upon the head of each package. The serial number of the package, the kind of cooperage, as charred, recharred, plain, paraffined, glued, or reused (not recharred), and the date of filling will also be burned or cut upon the head of the package. The kind of cooperage may be abbreviated as "C" for charred, "REC" for recharred, "P" for plain, "PAR" for paraffined, "G" for glued, and "R" for reused (not recharred). Such marks and brands shall be placed upon the packages in letters and figures not less than three-fourths inch in height. The proof at which the spirits were distilled shall be plainly and durably stenciled upon the head of the package in letters and figures not less than one-half inch in height. Where metal packages are used, these marks and brands (other than kind of cooperage) will be plainly and durably stenciled, imprinted, or embossed upon the head of each such package. The head of the package bearing these marks will be known as the "Government head." No marks other than those required by these regulations shall be placed upon the Government head of the package.

(b) In addition to the foregoing marks and brands, there shall be plainly burned or cut into the Government head of wooden

packages or plainly and durably stenciled, imprinted, or embossed upon such head of metal packages filled from a bonded warehouse storage tank, the date of the original entry of the spirits for deposit, the warehouse number, and the State in which located. This additional data may also be abbreviated, as "Orig. Ent. 5-19-36" for the date of the original entry for deposit, and "I. R. B. W. 4 N. Y." for warehouse number and State.

(c) The date of tax-payment, the proof-gallon contents, and the serial number of the tax-paid stamp shall, upon tax-payment of wooden packages in the distillery cistern room, be cut into the Government head of each package in the manner prescribed by paragraph 86 in the case of tax-payment from bonded warehouses. Such marks shall, upon the tax-payment of metal packages, be plainly and durably stenciled upon the Government head of each package.

PAR. 70. The gross weight, tare, net weight, wine gallons, proof, and proof gallons will be cut upon the stave next to the bung stave of each wooden package in the order named, beginning in the middle of such stave and extending toward the Government head. On metal packages these marks will be plainly and durably stenciled upon the Government head. Where the spirits so packaged are 100 proof, the number of proof gallons need not be placed upon the package.

PAR. 71. (a) The kind of spirits and the proof at which distilled will be branded on the package as hereinafter provided.

(b) The proof at which the spirits were distilled shall be shown by the legend "Distilled 190 proof or over", "Distilled between 160 and 190 Proof", or "Distilled not over 160 Proof", as the case may be, in letters and figures not less than one-half inch in height. The following symbols may be used as the equivalent of the specified markings: "D 190 P" for "Distilled 190 Proof or over", "D 160-190 P" for "Distilled between 160 and 190 Proof", and "D 160 P" for "Distilled not over 160 Proof".

(c) All spirits distilled at or above 190 degrees of proof shall be branded "Spirits", followed by a word or phrase descriptive of the material from which distilled. Such branding shall be in the following form: "Spirits—Grain", "Spirits—Cane", or "Spirits—Fruit."

(d) Spirits distilled from a fermented mash of grain at more than 160 degrees and less than 190 degrees of proof in such manner that the distillate possesses the taste, aroma, and characteristics generally attributed to whiskey, shall be branded "Whiskey."

(e) Spirits distilled at not exceeding 160 degrees of proof from a fermented mash of not less than 51% rye grain, corn grain, wheat grain, malted barley grain, or malted rye grain shall be branded "Rye Whiskey", "Bourbon Whiskey" ("Corn Whiskey", if packaged in uncharred containers), "Wheat Whiskey", "Malt Whiskey", or "Rye Malt Whiskey", respectively.

(f) Spirits obtained by original distillation over or with juniper berries and other aromatics customarily used in the production of gin, and deriving their main characteristic flavor from juniper berries, shall be branded "Gin", and to show the material from which produced, as "Distilled from grain", or "Distilled from cane products", or "Distilled from fruit."

(g) Spirits obtained solely from the fermented juice or mash of fruit distilled at less than 190 degrees of proof in such manner that the spirits possess the taste, aroma, and characteristics generally attributed to brandy shall be branded "Brandy", preceded by the name of the fruit used, as "Apple Brandy", "Grape Brandy", "Peach Brandy", "Cherry Brandy", "Apricot Brandy", "Orange Brandy", and "Raisin Brandy", and if other than whole fresh fruit is used, the word "Dried" or such other term as may be appropriate: Provided, That (1) brandy derived from raisins will be designated as "Raisin Brandy", and (2) the word "Brandy" alone may be used to designate Grape Brandy.

(h) Spirits distilled from the fermented juice of sugarcane, sugarcane syrup, sugarcane molasses, or other sugarcane products, at less than 190 degrees proof in such manner that the spirits possess the taste, aroma, and characteristics generally attributed to rum, shall be branded "Rum."

PAR. 72. After the package has been proofed, weighed, and marked as provided above, and the storekeeper-gauger has satisfied himself as to the accuracy of the marks, the word "Inspected", followed by the name and title of the storekeeper-gauger, will be stenciled upon the head of the package.

ARTICLE XV. GAUGING, MARKING, AND STAMPING PACKAGES OF DISTILLED SPIRITS ON WITHDRAWAL FROM INTERNAL REVENUE BONDED WAREHOUSE

PAR. 84. Upon the withdrawal of distilled spirits in packages for transfer to another bonded warehouse, the word "Transferred", followed by the date of transfer, the word "To", the number of the receiving warehouse, and the State in which such warehouse is located, will be plainly and durably stenciled upon the Government head of the package in letters and figures not less than one-half inch in height. These marks may be abbreviated as follows:

Transferred August 1, 1936

To I. R. B. W. 4 N. Y.

PAR. 85. Upon the tax-payment of distilled spirits in packages filled from storage tanks, or in distiller's original packages intended for shipment or for deposit in the tax-paid or free warehouse, the distiller will, under the supervision of the storekeeper-gauger, cut on the stave next to the bung stave of each package withdrawn, beginning in the middle and extending toward the head opposite the Government head, in the order named, the gross weight, tare (ascertained as herein provided), net weight,

wine gallons, proof, and proof gallons determined at the time of withdrawal, except when withdrawn on the original gauge as provided in paragraph 80. In the case of metal packages, such marks will be plainly and durably stenciled in the corresponding space on the side of the package. The tax-paid stamp must be affixed to the Government head of the package and canceled, as herein provided, and the date of tax-payment, the proof-gallon contents, and the serial number of the tax-paid stamp shall be cut upon such head of each wooden package or plainly and durably stenciled upon such head of each metal package.

PAR. 89. There will also be cut or burned into the Government head of the package, in letters and figures not less than one-half inch in height, the date of withdrawal, the number of the export stamp, and the proof-gallon contents as then ascertained. The number of the warehouse from which the spirits are withdrawn, if from a warehouse other than that in which originally deposited, the State in which located, and the name of the ports from and to which the spirits are to be exported, will be cut or burned into the head of the package in addition to the original marks placed on the package. Where metal packages are used, all of the foregoing marks will be plainly and durably stenciled on the Government head.

PAR. 90. There will be cut on the stave next to the bung stave, beginning at the middle and extending toward the head opposite the Government head of the package, in the order named, the gross weight, tare (ascertained as provided herein), net weight, wine gallons, proof, and proof gallons. Where metal packages are used, these marks will be plainly and durably stenciled in the corresponding space on the side of the package.

PAR. 92. When distilled spirits are withdrawn from bonded warehouse for transfer to manufacturing warehouse in bond under the provisions of section 20, act of March 1, 1879, as amended by act of May 28, 1880, the storekeeper-gauger will affix and cancel the export stamp as herein provided. There will be cut or burned upon the Government head of each package, in letters and figures not less than one-half inch in height, the date of withdrawal, the number of the export stamp, and the number of proof-gallon contents as then ascertained. The name of the port to which the spirits are consigned for deposit in manufacturing warehouse will be plainly and durably stenciled upon the head of the package. There will also be cut on the stave next to the bung stave, beginning in the middle and extending toward the head opposite the Government head, in the order named, the gross weight, tare (ascertained as provided herein), net weight, wine-gallons, proof and proof-gallons. Where metal packages are used, these marks will be plainly and durably stenciled upon the Government head of the package, except that the gross weight, tare, net weight, wine-gallons, proof, and proof gallons will be so stenciled in the space on the side of the package corresponding to that prescribed in the case of wooden packages.

PAR. 93. When distilled spirits are withdrawn from a bonded warehouse for the use of United States under section 3464, Revised Statutes, there will be cut on the stave next to the bung stave of each package withdrawn, beginning in the middle and extending toward the head opposite the Government head, in the order named, the gross weight, tare (ascertained as herein provided), net weight, wine-gallons, proof and proof-gallons, determined at the time of withdrawal. In the case of metal packages, these marks will be plainly and durably stenciled in the space on the side of the package, corresponding to that prescribed in the case of wooden packages.

[SEAL]

CHAS. T. RUSSELL,

Acting Commissioner of Internal Revenue.

Approved, June 27, 1936.

STEPHEN B. GIBBONS,

Acting Secretary of the Treasury.

[F. R. Doc. 1055—Filed, July 1, 1936; 11:56 a. m.]

[T. D. 4653]

LOSSES OF SPIRITS BY LEAKAGE AND EVAPORATION IN INTERNAL REVENUE BONDED WAREHOUSES

To District Supervisors and others concerned:

Section 307 of the Liquor Tax Administration Act, provides as follows:

SEC. 307. (a) All distilled spirits heretofore entered for deposit in a distillery, general, or special bonded warehouse or hereafter entered for deposit in an Internal Revenue Bonded Warehouse, shall be withdrawn therefrom within eight years from the date of original entry therein, except as provided in subsection (c) of this section.

(b) Any distilled spirits heretofore deposited in any distillery, general, or special bonded warehouse or hereafter deposited in any Internal Revenue Bonded Warehouse may, at the time of withdrawal of the spirits from such warehouse, upon the filing of an application for the regauge of such spirits, giving a description of the package containing the

spirits, be regauged by a storekeeper-gauger who shall place upon each such package such marks and brands as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall by regulations prescribe. If upon such regauging it shall appear that there has been a loss by leakage or evaporation of distilled spirits from any cask or package, without the fault or negligence of the distiller or warehouseman, taxes shall be collected only on the quantity of distilled spirits contained in such cask or package at the time of such withdrawal. The allowance which shall be made for such loss of spirits shall not exceed—

- One proof-gallon for two months or part thereof;
- One and one-half gallons for more than two months and not more than four months;
- Two gallons for more than four months and not more than six months;
- Two and one-half gallons for more than six months and not more than eight months;
- Three gallons for more than eight months and not more than ten months;
- Three and one-half gallons for more than ten months and not more than twelve months;
- Four gallons for more than twelve months and not more than fifteen months;
- Four and one-half gallons for more than fifteen months and not more than eighteen months;
- Five gallons for more than eighteen months and not more than twenty-one months;
- Five and one-half gallons for more than twenty-one months and not more than twenty-four months;
- Six gallons for more than twenty-four months and not more than twenty-seven months;
- Six and one-half gallons for more than twenty-seven months and not more than thirty months;
- Seven gallons for more than thirty months and not more than thirty-three months;
- Seven and one-half gallons for more than thirty-three months and not more than thirty-six months;
- Eight gallons for more than thirty-six months and not more than forty months;
- Eight and one-half gallons for more than forty months and not more than forty-four months;
- Nine gallons for more than forty-four months and not more than forty-eight months;
- Nine and one-half gallons for more than forty-eight months and not more than fifty-two months;
- Ten gallons for more than fifty-two months and not more than fifty-six months;
- Ten and one-half gallons for more than fifty-six months and not more than sixty months;
- Eleven gallons for more than sixty months and not more than sixty-four months;
- Eleven and one-half gallons for more than sixty-four months and not more than sixty-eight months;
- Twelve gallons for more than sixty-eight months and not more than seventy-two months;
- Twelve and one-half gallons for more than seventy-two months and not more than seventy-six months;
- Thirteen gallons for more than seventy-six months and not more than eighty months;
- Thirteen and one-half gallons for more than eighty months from the date of original gauge as to fruit brandy, or original entry as to all other spirits; and no further allowances shall be made for loss by leakage or evaporation.

The foregoing allowance for loss shall apply only to casks or packages of a capacity of forty or more wine-gallons, and the allowance for loss on casks or packages of less capacity than forty gallons shall not exceed one-half the amount allowed on said forty-gallon cask or package; but no allowance shall be made on casks or packages of less capacity than twenty gallons. The proof of such distilled spirits shall not in any case be computed at the time of withdrawal at less than 100 per centum.

(c) Distilled spirits which on the effective date of this section are eight years of age, or older, and which are in

bonded warehouses, may remain therein after such date; but no allowance for loss by leakage or evaporation shall be made in the case of such spirits with respect to any period after such date, *Provided*, That loss allowances for such spirits for the period prior to the effective date of this section shall be made pursuant to the provisions of the Act of February 6, 1925 (43 Stat. 808).

(d) This section shall take effect thirty days after the date of the enactment of this Act: *Provided*, That a regauge to determine the losses to be allowed under subsection (c) shall be made prior to the effective date of this section.

In accordance with Section 307 of the Liquor Tax Administration Act, above quoted, Paragraph 114 of the Gauging Manual is amended to read as follows:

PAR. 114 (a) Whenever packages of spirits are regauged for withdrawal from Internal Revenue Bonded Warehouse, and it shall appear that there has been a loss of spirits by leakage or evaporation from any package, without the fault or negligence of the distiller or proprietor of the warehouse, allowance for the loss actually sustained will be made to the extent authorized by Section 307 of the Liquor Tax Administration Act, as set forth in the following schedule, for the period the spirits have been in warehouse. Losses in excess of such quantity must be tax-paid. The period for which allowance of losses will be made begins to run from the date of original gauge as to fruit brandy, and the date of original entry into warehouse as to other spirits.

Schedule of allowances for loss by leakage and evaporation

Period of storage in warehouse			Period of storage in warehouse		
More than—	Not more than—	Maximum allowance casks of 40 wine-gallons capacity or more	More than—	Not more than—	Maximum allowance casks of 40 wine-gallons capacity or more
Months	Months	Proof-gallons	Months	Months	Proof-gallons
2	2	1.0	33	36	7.5
3	4	1.5	36	40	8
4	6	2	40	44	8.5
6	8	2.5	44	48	9
8	10	3	48	52	9.5
10	12	3.5	52	56	10
12	15	4	56	60	10.5
15	18	4.5	60	64	11
18	21	5	64	68	11.5
21	24	5.5	68	72	12
24	27	6	72	76	12.5
27	30	6.5	76	80	13
30	33	7	80	-----	13.5

(b) Distilled spirits may not remain in Internal Revenue Bonded Warehouses more than eight years from the date of original entry therein, except as provided in Paragraph (c).

(c) Spirits which are eight years old or more on July 26, 1936, may remain in such warehouse until lawfully removed, but no allowance for loss by leakage or evaporation will be made as to packages of such spirits for any period subsequent to July 26, 1936.

In order to fix the allowance for losses under this paragraph, all packages of spirits which are eight years old or more on July 26, 1936, must be regauged on or before that date.

(d) No allowance can be made under Section 307 of the Liquor Tax Administration Act, or any other statute, for losses of distilled spirits by leakage or evaporation from tank cars or from storage tanks in a bonded warehouse, nor from packages filled from such storage tanks.

[SEAL]

CHAS. T. RUSSELL,

Acting Commissioner of Internal Revenue.

Approved, June 27, 1936.

STEPHEN B. GIBBONS,

Acting Secretary of the Treasury.

[F. R. Doc. 1056—Filed, July 1, 1936; 11:56 a. m.]

[T. D. 4654]

RECORDS AND TRANSCRIPTS OF WHOLESALE LIQUOR DEALERS

To District Supervisors, Collectors of Internal Revenue, and Others Concerned:

Section 3318 of the Revised Statutes, as amended by Section 411 of the Liquor Tax Administration Act, reads as follows:

Sec. 3318. Every rectifier and wholesale liquor dealer shall keep daily, at his place of business covered by his special tax stamp, a

record of distilled spirits received and disposed of by him, and shall render under oath correct transcripts and summaries of such records: *Provided*, That the Commissioner may in his discretion require such record to be kept at the place where the spirits are actually received and sent out. The records shall be kept and the transcripts shall be rendered in such form, and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

The records required to be kept under the provisions of this section and regulations issued pursuant thereto, shall be preserved for a period of four years, and during such period shall be available during business hours for inspection and the taking of abstracts therefrom by the Commissioner or any internal revenue officer.

Every rectifier and wholesale liquor dealer who refuses or neglects to keep such records in the form prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, or to make entries therein, or cancels, alters, or obliterates any entry therein (except for the purpose of correcting errors) or destroys any part of such records, or any entry therein, or makes any false entry therein, or hinders or obstructs any internal revenue officer from inspecting such records or taking any abstracts therefrom, or neglects or refuses to preserve or produce such records as required by this Act or by regulations issued pursuant thereto, shall pay a penalty of \$100 and, on conviction, shall be fined not less than \$100 nor more than \$5,000, and be imprisoned not less than three months nor more than three years.

Every rectifier and wholesale liquor dealer who refuses or neglects to render transcripts or summaries in the form required by the Commissioner, with the approval of the Secretary, shall, upon conviction, be fined not more than \$100 for each such neglect or refusal.

Pursuant to such authority, the following regulations are prescribed:

1. Wholesale liquor dealers shall keep a record, Form 52, and render transcripts thereof on Forms 52 A and B to the District Supervisor.

2. Record Form 52 will be kept by a wholesale liquor dealer at the place of business covered by his special tax stamp if the spirits are received and sent out from such premises.

3. If the place of business covered by the wholesale liquor dealer special tax stamp is not the same premises where spirits are received and sent out, the wholesale liquor dealer will keep his record Form 52 at the latter place and render transcripts from such place on Forms 52A and B: *Provided*, That, if approved by the District Supervisor, a wholesale liquor dealer who so desires may keep his record, Form 52, at the place of business covered by the special tax stamp and render transcripts on Forms 52A and B from such place. If, however, the place of business covered by the special tax stamp is not in the same supervisory district as the place where the spirits are received and sent out, the record, Form 52, must be kept at the latter place and transcripts on Forms 52A and B rendered to the District Supervisor of that district.

4. The wholesale liquor dealer shall make entry in record, Form 52, of spirits on the day received; and before spirits are removed from his premises, shall make entry of the disposition of the same in record, Form 52. A full and complete transcript of Form 52 will be prepared on Forms 52A and B, and one copy forwarded to the District Supervisor, Alcohol Tax Unit, on or before the tenth day of the succeeding month.

5. Pending the revision of record Form 52, Transcripts Forms 52A and B, and summary report, Form 338, wholesale liquor dealers will use the present forms, now prescribed by regulations.

[SEAL]

CHAS. T. RUSSELL,

Acting Commissioner of Internal Revenue.

Approved, June 27, 1936.

STEPHEN B. GIBBONS,

Acting Secretary of the Treasury.

[P. R. Doc. 1057—Filed, July 1, 1936; 11: 57 a. m.]

[T. D. 4655]

RECORDS AND TRANSCRIPTS OF SPIRITS DISPOSED OF BY DISTILLERS AND PROPRIETORS OF INTERNAL REVENUE BONDED WAREHOUSES

To District Supervisors, Collectors of Internal Revenue, and Others Concerned:

Section 62 of the Act of August 27, 1894, as amended by Section 412 of the Liquor Tax Administration Act, is as follows:

SEC. 62. No distiller who has given the required bond and who sells only distilled spirits of his own production at the place of manufacture or at the place of storage in bond, in the original packages to which the tax-paid stamps are affixed, shall be required to pay the special tax of a wholesale liquor dealer on account of such sales: *Provided*, That every distiller shall keep daily a record of such distilled spirits disposed of by him, and shall render under oath correct transcripts and summaries of such records. The records shall be kept and the transcripts shall be rendered in such form, and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

The records required to be kept under the provisions of this section and regulations issued pursuant thereto, shall be preserved for a period of four years, and during such period shall at all times be available, during business hours, for inspection and the taking of abstracts therefrom by the Commissioner or any internal revenue officer.

Every distiller who refuses or neglects to keep such records in the form prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, or to make entries therein, or cancels, alters, or obliterates any entry therein (except for the purpose of correcting errors) or destroys any part of such records, or any entry therein, or makes any false entry therein, or hinders or obstructs any internal revenue officer from inspecting such records or taking any abstracts therefrom, or neglects or refuses to preserve or produce such records as required by this Act or by regulations issued pursuant thereto, shall pay a penalty of \$100 and, on conviction, shall be fined not less than \$100 nor more than \$5,000, and be imprisoned not less than three months nor more than three years.

Every distiller who refuses or neglects to render the transcripts or summaries in the form as required by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall, upon conviction, be fined not more than \$100 for each such neglect or refusal.

Section 3303 of the Revised Statutes, as amended by Section 311 of the Liquor Tax Administration Act, is as follows:

SEC. 3303. Every person who makes or distills spirits, or owns any still, boiler, or other vessels used for the purpose of distilling spirits, or who has such still, boiler, or other vessel so used under his superintendence, either as agent or owner, or who uses any such still, boiler, or other vessel, shall keep a record, in the form and manner prescribed by the Commissioner of Internal Revenue, of the receipt on the distillery premises, and the use thereon, of materials intended for use in the distillation of spirits, and of the number of gallons of spirits distilled, the number of gallons placed in the warehouse, and the proof thereof, the number of gallons sold or removed, with the proof thereof, and the name, place of business, and residence of the person to whom sold.

Pursuant to such authority conferred by the Liquor Tax Administration Act, the following regulations are prescribed:

1. Every distiller shall keep at the distillery premises a record on Form 52C of all spirits removed from the cistern room of such distillery, and render a transcript thereof monthly on Form 370.

2. Every proprietor of an Internal Revenue Bonded Warehouse shall keep at the warehouse a record on Form 52 of all spirits removed therefrom, and render a transcript thereof monthly on Form 52B.

3. Entries of all spirits removed from cistern rooms and warehouses must be made on Form 52C and Form 52, prior to removal of the spirits from the premises.

4. One copy of Form 370 or Form 52B shall be forwarded to the Supervisor of the district in which the record Form 52C or 52 is kept, on or before the tenth day of the succeeding month.

5. Pending the revision of Forms 52, 52B, 52C, and 370, distillers and warehousemen will use the present forms now prescribed by regulations.

[SEAL]

CHAS. T. RUSSELL,

Acting Commissioner of Internal Revenue.

Approved, June 27, 1936.

STEPHEN B. GIBBONS,

Acting Secretary of the Treasury.

[F. R. Doc. 1058—Filed, July 1, 1936; 11:58 a. m.]

[T. D. 4656]

RECTIFIERS' PREMISES—REGULATIONS 15 AMENDED

To District Supervisors, Collectors of Internal Revenue and Others Concerned:

Subsection (a) of Section 319 of the Liquor Tax Administration Act reads as follows:

Sec. 319. (a) Section 605 of the Revenue Act of 1918, as amended (U. S. C., 1934 Ed., title 26, Sec. 1151), is amended by inserting, preceding the penalty paragraph the following new paragraph:

The premises of a rectifier shall be as described in his notice and, whether they consist of an entire building or of rooms in a building, shall have means of ingress from and egress into a public street or yard, or into a public hall or elevator shaft leading into a public street or yard, and shall be used exclusively for the business of rectification and the bottling of liquors rectified by him thereon, and the bottling of wines and spirits without rectification. Notwithstanding the foregoing provisions, where any such premises are, on the date of the enactment of the Liquor Tax Administration Act, being used for purposes other than those herein described, such use may be continued for not more than sixty days after such date. Any rectifier who uses his rectifying premises contrary to the provisions of this paragraph shall be fined not more than \$50 with respect to each day upon which any such use occurs, but shall not, on account of such use, be subject to the penalties otherwise prescribed in this section.

In view of this amendment of Section 605 of the Revenue Act of 1918, paragraph 22 of Regulations 15 is hereby rescinded, and paragraphs 21, 23, 49 (b), and 61 of the said regulations are amended to read as follows:

PAR. 21. Rectifying plants which, on the date of the enactment of the Liquor Tax Administration Act were being used for purposes other than exclusively the business of rectification as described in paragraph 19 hereof, and the bottling of spirits and wines without rectification, may continue to be so used up to and including August 25, 1936. Any rectifier who uses his premises for such other purposes at any time after such date will be subject to a fine of not more than \$50 for each day upon which any such use occurs. The continued use of the rectifying plant for such other purposes during the period herein authorized will be under such safeguards as the District Supervisor may prescribe. Where a soft drink or other similar business is thus temporarily continued, however, the bottling of soft drinks or other similar liquids, and the bottling of rectified products may not be done at the same time unless two or more complete and separate bottling units are provided and one or more such units are used exclusively for each type of bottling, and the products are kept completely separate and apart.

PAR. 23. (a) The premises of a rectifier shall be as described in his notice (Form 27B). The premises, whether they consist of an entire building or of rooms in a building, must have means of ingress from and egress into a public street or yard, or into a public hall or elevator shaft leading into a public street or yard.

(b) Rectifying plants must be so constructed and equipped as to be suitable for the rectification of spirits and wines by the process or processes of rectification which the rectifier proposes to use. The room or rooms in which the process of rectification is performed must be securely constructed of substantial material and all doors, windows, or other openings in such room or rooms must be so arranged and constructed that they may be securely locked or fastened, unless the entire rectifying plant is so constructed.

PAR. 49. (b) An accurate description of the premises where the business of rectifying is to be conducted, including the location, construction, and size of each building or room, and the purpose for which used, and whether such premises have ingress from and egress into a public street or yard, or into a public hall or elevator shaft leading into a public street or yard. If the business is to be carried on in a city, the place of business shall be indicated by the name of the street or avenue, the number of the building, and the rooms or floors thereof.

PAR. 61. There must be submitted with the notice (Form 27B) a floor plan of the rooms comprising the rectifying plant on one or more sheets of substantial white paper, or tracing linen, not

larger than 15 x 20 inches outside measurement, in triplicate, showing the location of the doors, windows, and other openings; the means of ingress to and egress from the plant, particularly whether there are ingress from and egress into a public street or yard, or into a public hall or elevator shaft leading into a public street or yard; the location of the plant equipment, such as stills and condensers; receiving, storage, and processing tanks; scales; dump troughs; bottling tanks and apparatus; and any connecting pipe or hose connections therewith. The serial numbers and capacities of all stills and tanks must be shown. The vertical arrangement of storage and bottling tanks, with the gauge glasses or scales on which they are mounted, must be shown on one or more sheets of the plan. The nature and use of the rooms and equipment must be indicated on the plan or by an index on the margins of the sheets. Stopcocks or valves, joints, and connections must be clearly marked on the plan or identified by indices on the margins of the sheets.

[SEAL]

CHAS. T. RUSSELL,

Acting Commissioner of Internal Revenue.

Approved, June 27, 1936.

STEPHEN B. GIBBONS,

Acting Secretary of the Treasury.

[F. R. Doc. 1059—Filed, July 1, 1936; 11:58 a. m.]

[T. D. 4657]

APPROVAL OF A PERMANENT TANK OR TANKS, LOCATED ON INDUSTRIAL ALCOHOL PLANT PREMISES, AS WAREHOUSES FOR THE STORAGE OF ALCOHOL

To District Supervisors and Others Concerned:

Section 329 (a) of the Liquor Tax Administration Act reads as follows:

Sec. 329. (a) Section 3 of Title III of the National Prohibition Act, as amended (U. S. C., 1934 ed., title 27, sec. 73; U. S. C., 1934 ed., supp. I, title 27, sec. 73), is amended by adding at the end thereof the following new sentence: "Permanent tanks and other structures located on the industrial alcohol plant premises and approved by the Commissioner, shall be deemed to be warehouses within the meaning of this section."

Pursuant to the authority thus conferred, Regulations 3, entitled "Regulations No. 3 Relative to the Production, Tax-payment, etc., of Industrial Alcohol and the Manufacture, Sale, and Use of Denatured Alcohol", effective April 1, 1931, is hereby amended by adding to Article 36 thereof, the following:

The Commissioner may approve, as a warehouse for the storage of alcohol, a tank or tanks located on the premises of an industrial alcohol plant, if they are constructed, equipped, and enclosed in conformity with the following requirements:

1. The tank or tanks shall be of substantial steel construction; shall be erected on concrete base or foundation; and each tank shall have the serial number and its capacity plainly and durably marked thereon.

2. The tank or tanks shall be completely enclosed by a brick, concrete, or stone wall at least 12 inches thick, and approximately 6 feet high, 3 feet of the wall to extend above the ground.

3. A fence at least 12 feet in height, consisting of not less than 6 gauge nor more than 2 inch mesh woven wire, with at least 3 rows of barbed wire on top, shall be permanently affixed on the wall. The fence posts shall be solidly embedded in the wall.

4. A suitable gate in such fence shall be provided, which gate shall be of the same construction as the fence and equipped for applying a Government seal lock.

5. The tank or tanks shall be connected with approved weighing tanks by permanent continuous metal pipe lines which shall be exposed to view throughout their entire length.

6. All unions, joints, and valves in the pipe lines, and openings in the tanks, shall be secured by brazing, welding, or by affixing Government cap seals or locks so as to prevent disconnection without ready detection.

The Commissioner may require, in any case in which he deems it necessary, either the installation of electric floodlights for lighting the tank enclosure, or the maintenance of watchman services, or both, or other protective measures or devices.

The entry, storage in, and withdrawal of alcohol from permanent tanks approved as warehouses shall be in accordance with the provisions of Regulations No. 3.

[SEAL]

CHAS. T. RUSSELL,

Acting Commissioner of Internal Revenue.

Approved June 27, 1936.

STEPHEN B. GIBBONS,

Acting Secretary of the Treasury.

[F. R. Doc. 1060—Filed, July 1, 1936; 11:59 a. m.]

[T. D. 4658]

REFUND OF TAX ON BEER SPOILED IN BREWERY BOTTLING HOUSE

To District Supervisors, Collectors of Internal Revenue, and others concerned:

Section 327, Paragraphs (a), (b), and (d), of the Liquor Tax Administration Act, provide as follows:

SEC. 327. (a) The Commissioner of Internal Revenue shall make refund, or in lieu thereof, if he so elects, allow credit to a brewer in the amount of tax paid by such brewer on any beer, lager beer, ale, porter, or other similar fermented malt liquor manufactured by such brewer which has become unsalable by reason of its condition, upon the filing of a claim therefor by the brewer and proof by him to the satisfaction of the Commissioner that such beer, lager beer, ale, porter, or other similar fermented malt liquor (1) was fully tax-paid, (2) was lawfully removed from his brewery to his bottling house on or after March 22, 1933, (3) never was removed from such bottling house, except in the process of destruction or for return to the brewery, (4) had become unsalable without fraud, connivance, or collusion on his part, and (5) was destroyed by him in such bottling house in the presence of a representative of the Bureau of Internal Revenue, or was returned from such bottling house to the brewery in which made for use therein as brewing material.

(b) No such claim shall be allowed unless filed within ninety days after such destruction or return to the brewery for use as brewing material, or, in the case of any beer, lager beer, ale, porter, or other similar fermented malt liquor so destroyed or returned before the date of the enactment of this Act, within ninety days after such date.

(d) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section.

1. Claims for refund of tax under this section will be filed by the brewer with the Collector of Internal Revenue for the district in which the tax was paid.

2. The brewer must submit the following evidence in affidavit form for consideration in connection with a claim under this section:

(a) Tax payment of the beer;
(b) Removal of the beer from the brewery to the bottling house on or after March 22, 1933;
(c) That the beer was spoiled and became unsalable without fraud, connivance, or collusion on the part of the brewer;

(d) That the beer was never removed from the bottling house, except after destruction in the bottling house in the presence of a representative of the Bureau of Internal Revenue, or return of the beer from the bottling house to the brewery in which made for use as brewing material.

3. (a) Claims under this section must be filed within ninety days after destruction of the beer or return thereof to the brewery for use as brewing material.

(b) If the beer was destroyed or returned to the brewery before the effective date of the Liquor Tax Administration Act, claims under Section 327 must be filed within ninety days after such date.

[SEAL]

CHAS. T. RUSSELL,

Acting Commissioner of Internal Revenue.

Approved, June 27, 1936.

STEPHEN B. GIBBONS,

Acting Secretary of the Treasury.

[F. R. Doc. 1061—Filed, July 1, 1936; 12:01 p. m.]

[T. D. 4659]

TOLERANCES PERMITTED IN SIZES OF BEER BARRELS

To District Supervisors and Others Concerned:

Section 313 (a) of the Liquor Tax Administration Act provides as follows:

SECTION 313 (a). Section 3339 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1330 (a) and (b)),

is further amended by adding a new paragraph at the end thereof reading as follows:

The provisions of this section requiring the accounting of hogsheads, barrels, and fractional parts of barrels at the next higher quantity shall not apply where the contents of such hogsheads, barrels, or fractional parts of barrels are within the limits of tolerance established by the Commissioner of Internal Revenue by regulations which he is hereby authorized to prescribe with the approval of the Secretary of the Treasury; and no assessment shall be made and no tax shall be collected for any excess in any case where the contents of the hogsheads, barrels, or fractional parts of barrels heretofore or hereafter used are within the limits of the tolerance so prescribed.

In accordance with the provisions of Section 313 (a) of the Liquor Tax Administration Act, Section 17 (b) of Regulations 18 is amended to read as follows:

PAR. 17 (b). In computing such tax a barrel is reckoned as containing not more than thirty-one gallons, and the fractional parts of a barrel are halves, thirds, quarters, sixths, and eighths; and any fractional part of a barrel containing less than one-eighth will be accounted one-eighth; more than one-eighth, and not more than one-sixth, will be accounted one-sixth; more than one-sixth, and not more than one-fourth, will be accounted one-fourth; more than one-fourth, and not more than one-third, will be accounted one-third; more than one-third, and not more than one-half, will be accounted one-half; more than one-half, and not more than one barrel, will be accounted one barrel; and more than one barrel, and not more than sixty-three gallons, will be accounted two barrels, or a hogshead: *Provided*, That if the quantity of fermented liquor exceeds the quantity covered by the tax stamp placed on the barrel, such excess will be disregarded and no tax collected thereon if not more than the following amounts: one-half gallon as to wooden barrels of thirty-one gallons, and a proportionate quantity as to fractional wooden containers; and one-quarter gallon as to metal barrels of thirty-one gallons, and a proportionate quantity as to fractional metal containers.

[SEAL]

CHAS. T. RUSSELL,

Acting Commissioner of Internal Revenue.

Approved, June 27, 1936.

STEPHEN B. GIBBONS,

Acting Secretary of the Treasury.

[F. R. Doc. 1062—Filed, July 1, 1936; 12:01 p. m.]

INTERSTATE COMMERCE COMMISSION.

ORDER

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 24th day of June A. D. 1936.

[Docket No. BMC 50143]

APPLICATION OF E. A. BRANNON FOR AUTHORITY TO OPERATE AS A COMMON CARRIER

In the Matter of the Application of E. A. Brannon of 216 South Third Street, Vandalia, Ill., for a Certificate of Public Convenience and Necessity (Form BMC 8, New Operation) Authorizing Operation as a Common Carrier by Motor Vehicle in the Transportation of Commodities Generally in Interstate Commerce Between Vandalia, Ill., and St. Louis, Mo., and Other Points in Illinois, Missouri, Indiana, and Kentucky Within a 100-Mile Radius of Vandalia Over U. S. Highways 40 and 51

It appearing, That the above-entitled matter is one which the Commission is authorized by the Motor Carrier Act, 1935, to refer to an examiner:

It is ordered, That the above-entitled matter be, and it is hereby, referred to Examiner H. C. Lawton for hearing and for the recommendation of an appropriate order thereon, to be accompanied by the reasons therefor;

It is further ordered, That this matter be set down for hearing before Examiner H. C. Lawton, on the 23rd day of July 1936, at 9 o'clock a. m. (standard time), at the Coronado Hotel, St. Louis, Mo.

And it is further ordered, That notice of this proceeding be duly given.

By the Commission, division 5.

[SEAL]

GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 1043—Filed, June 30, 1936; 11:55 a. m.]

FOURTH SECTION, APPLICATION NO. 16398, CLOTHING TRIMMINGS
TO POINTS IN MISSISSIPPI

JULY 1, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: W. S. Curlett and Frank Van Ummersen, Agents.
Commodities involved: Trimming, clothing, iron, steel, or brass, carloads.
From: Fall River, Mass., and points in Connecticut.
To: Points in Mississippi.
Grounds for Relief: Carrier competition.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1065—Filed, July 1, 1936; 12:56 p. m.]

SECURITIES AND EXCHANGE COMMISSION.

HOLDING COMPANY ACT

[Release No. 268]

AMENDMENT TO RULE 9C-3

Acting pursuant to the authority conferred upon it by the Public Utility Holding Company Act of 1935, particularly Sections 3 (d), 9 (c), and 20 (a) thereof, and finding that acquisitions by registered holding companies and subsidiary companies thereof of the securities specified in Rule 9C-3 as hereby amended are appropriate, within the limitations stated, for investment of their current funds or in the ordinary course of business and not detrimental to the public interest or that of investors or consumers; and finding further that the following action is necessary and appropriate to carry out the provisions of said Act and not contrary to the purposes thereof, the Securities and Exchange Commission hereby takes the following action:

Paragraph (14) of Rule 9C-3 is amended by striking out in the first sentence thereof the figure "1" before the words "per cent" and substituting therefor the figure "2½."

The amendment became effective June 29, 1936.

By the Commission.

[SEAL]

FRANCIS P. BRASSOR, *Secretary*.

[F. R. Doc. 1066—Filed, July 1, 1936; 12:56 p. m.]

